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## CHINA SHUN KE LONG HOLDINGS LIMITED

中國順客隆控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 974)

### ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the “Board” and the members of the Board, the “Directors”) of China Shun Ke Long Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024 with comparative figures for the year ended 31 December 2023 as follows:

#### HIGHLIGHTS OF ANNUAL RESULTS

	For the year ended 31 December		Change
	2024 RMB'000	2023 RMB'000	
Revenue	592,941	667,409	-11.2%
Gross Profit	71,880	91,204	-21.2%
Loss from Operations	(38,328)	(22,393)	71.2%
Loss for the Year	(68,198)	(26,684)	155.6%
Loss Attributable to Equity Shareholders of the Company	(67,976)	(26,754)	154.1%
Loss Per Share – Basic and Diluted <sup>(1)</sup> (RMB)	RMB(0.23)	RMB(0.09)	
	As at 31 December		Change
	2024 RMB'000	2023 RMB'000	
Total Assets	304,700	365,506	-16.6%
Total Liabilities	222,342	215,091	3.4%
Net Assets	82,358	150,415	-45.2%
Net Financial Position <sup>(2)</sup>	(40,848)	20,683	-297.5%
Current Ratio <sup>(3)</sup>	1.11	1.37	

*Notes:*

- (1) The calculation of basic and diluted loss per share for the years ended 31 December 2024 and 2023 is based on the weighted average number of 290,457,000 ordinary shares in issue during the years.
- (2) The balance of net financial position is calculated as the sum of cash and cash equivalents and deposit with a bank minus bank borrowings.
- (3) Current Ratio = Current Assets/Current Liabilities.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 DECEMBER 2024*

	<i>Notes</i>	<b>2024 RMB'000</b>	<b>2023 RMB'000</b>
Revenue	5	<b>592,941</b>	667,409
Cost of inventories sold		<b>(521,061)</b>	(576,205)
Gross profit		<b>71,880</b>	91,204
Other operating income	5	<b>18,021</b>	24,416
Selling and distribution costs		<b>(100,919)</b>	(111,945)
Administrative expenses		<b>(27,310)</b>	(26,068)
Finance costs	6	<b>(4,505)</b>	(4,404)
Impairment losses recognised in respect of property, plant and equipment		<b>(5,933)</b>	–
Impairment losses recognised in respect of right-of-use assets		<b>(16,796)</b>	–
Impairment losses recognised in respect of trade receivables		<b>(2,104)</b>	(629)
(Impairment losses recognised) impairment losses reversed in respect of other receivables		<b>(751)</b>	138
Impairment losses recognised in respect of amounts due from related companies		<b>(70)</b>	(168)
Loss before tax	7	<b>(68,487)</b>	(27,456)
Income tax credit	8	<b>289</b>	772
Loss for the year		<b>(68,198)</b>	(26,684)
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		<b>141</b>	339
Total comprehensive expense for the year		<b>(68,057)</b>	(26,345)
(Loss) profit for the year attributable to:			
Owners of the Company		<b>(67,976)</b>	(26,754)
Non-controlling interests		<b>(222)</b>	70
		<b>(68,198)</b>	(26,684)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		<b>(67,835)</b>	(26,415)
Non-controlling interests		<b>(222)</b>	70
		<b>(68,057)</b>	(26,345)
Loss per share	9		
Basic (RMB)		<b>(0.23)</b>	(0.09)
Diluted (RMB)		<b>(0.23)</b>	(0.09)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024**

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b>	<b>2023</b> <b>RMB'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>23,452</b>	28,095
Right-of-use assets		<b>54,785</b>	87,204
Investment properties		<b>8,370</b>	8,697
Deposits paid		<b>5,760</b>	6,304
Deferred tax assets		<b>1,127</b>	772
		<b>93,494</b>	131,072
<b>Current assets</b>			
Inventories		<b>77,535</b>	77,762
Trade and bills receivables	<i>11</i>	<b>35,088</b>	36,971
Deposits paid, prepayments and other receivables		<b>77,229</b>	70,741
Amounts due from related companies		<b>202</b>	277
Cash and cash equivalents		<b>21,152</b>	48,683
		<b>211,206</b>	234,434
<b>Current liabilities</b>			
Trade payables	<i>12</i>	<b>66,591</b>	78,384
Deposits received, receipts in advance, accruals and other payables		<b>21,503</b>	25,900
Lease liabilities		<b>24,303</b>	24,336
Contract liabilities		<b>16,417</b>	13,622
Bank borrowings	<i>13</i>	<b>62,000</b>	28,000
Tax payable		<b>1</b>	23
		<b>190,815</b>	170,265
<b>Net current assets</b>		<b>20,391</b>	64,169
<b>Total assets less current liabilities</b>		<b>113,885</b>	195,241
<b>Non-current liability</b>			
Lease liabilities		<b>31,527</b>	44,826
<b>Net assets</b>		<b>82,358</b>	150,415

	<i>Note</i>	<b>2024</b> <b><i>RMB'000</i></b>	2023 <i>RMB'000</i>
<b>Capital and reserves</b>			
Share capital	<i>14</i>	<b>2,387</b>	2,387
Reserves		<b>78,959</b>	146,794
		<hr/>	<hr/>
Equity attributable to owners of the Company		<b>81,346</b>	149,181
Non-controlling interests		<b>1,012</b>	1,234
		<hr/>	<hr/>
<b>Total equity</b>		<b>82,358</b>	150,415
		<hr/>	<hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2024

### 1. GENERAL

China Shun Ke Long Holdings Limited (the “Company”, together with its subsidiaries, collectively referred to as the “Group”) was incorporated as an exempted company with limited liability in the Cayman Islands on 18 March 2013 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s registered office is located at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, the Cayman Islands and its principal place of business in the People’s Republic of China (the “PRC”) is located at the 2nd Floor, Huale Building, No.60 Hebin North Road, Lecong Town, Shunde District, Foshan, Guangdong Province, the PRC.

The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 26 May 2015. The ordinary shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 10 September 2015.

The principal activity of the Group is operation of supermarket chain store with geographical focus in Guangdong province of the PRC.

CCOOP International Holdings Limited, which is a company incorporated in the Cayman Islands and an indirectly wholly-owned subsidiary of CCOOP Group Co., Ltd.\* (供銷大集集團股份有限公司) (“CCOOP Group”), a company incorporated in the PRC, holds 204,558,317 ordinary shares in aggregate, representing 70.42% of the entire issued share capital of the Company. To the best knowledge of the directors of the Company, the controlling shareholder of the Company is CCOOP Group, the shares of which are listed on the Shenzhen Stock Exchange.

The controlling shareholder of CCOOP Group is Beijing Zhonghe Nongxin Enterprise Management Consulting Co., Ltd.\* (北京中合農信企業管理諮詢有限公司) and the actual controller of CCOOP Group is All China Federation of Supply and Marketing Cooperatives\* (中華全國供銷合作總社).

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements of the Group are presented in Renminbi (“RMB”), which is the functional currency of the principal subsidiaries of the Company where their primary economic environment is in the PRC. Other than those subsidiaries established in the PRC and Macau whose functional currencies are RMB and Macau Pataca (“MOP”) respectively, the functional currency of the Company and other subsidiaries is Hong Kong dollars (“HK\$”). All values are rounded to the nearest thousand (“RMB’000”) unless otherwise stated.

\* The English translation is for identification only

## 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standard Board (the “IASB”) which are effective for the Group’s financial year beginning on 1 January 2024.

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### New and amendments to IFRSs issued but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective.

IFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
IFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>1</sup>
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the new and amendments to IFRSs will have no material impact on the results and the financial position of the Group.

### **3. MATERIAL ACCOUNTING POLICY INFORMATION**

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

### **4. OPERATING SEGMENT INFORMATION**

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker (“CODM”), being the chief executive of the Company, that are used to make strategic decisions. The Group has two reportable segments. The segments are managed separately as each business offers different services and requires different business strategies. The following summary describes the operations in each of the Group’s reportable segments:

- Retail outlet operation (sales of fresh food, non-staple food and household products); and
- Wholesale distribution (sales of fast consumable products and non-staple food)

The management assesses the performance of the operating segments based on the measure of segment results which represents the net of revenue, cost of inventories sold, other operating income, selling and distribution costs, administrative expenses and finance costs directly attributable to each operating segment without allocation of certain other operating income and central administrative costs. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

## Segment revenue and results

For the year ended 31 December 2024

	Retail outlet operation <i>RMB'000</i>	Wholesale distribution <i>RMB'000</i>	Inter-segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
<b>REVENUE</b>				
From external customers	431,125	161,816	–	592,941
From inter-segment	25,979	10,820	(36,799)	–
<b>Reportable segment revenue</b>	<b>457,104</b>	<b>172,636</b>	<b>(36,799)</b>	<b>592,941</b>
<b>Reportable segment loss</b>	<b>(59,925)</b>	<b>(4,333)</b>		<b>(64,258)</b>
Other corporate income				23
Other corporate expenses				(4,252)
Loss before tax				<b>(68,487)</b>

For the year ended 31 December 2023

	Retail outlet operation <i>RMB'000</i>	Wholesale distribution <i>RMB'000</i>	Inter-segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
<b>REVENUE</b>				
From external customers	532,389	135,020	–	667,409
From inter-segment	33,420	11,537	(44,957)	–
<b>Reportable segment revenue</b>	<b>565,809</b>	<b>146,557</b>	<b>(44,957)</b>	<b>667,409</b>
<b>Reportable segment loss</b>	<b>(25,590)</b>	<b>1,954</b>		<b>(23,636)</b>
Other corporate income				128
Other corporate expenses				(3,948)
Loss before tax				<b>(27,456)</b>

## Segment assets and liabilities

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Retail outlet operation	<b>241,403</b>	294,977
Wholesale distribution	<b>59,307</b>	66,263
	<hr/>	<hr/>
Total segment assets	<b>300,710</b>	361,240
Other corporate assets ( <i>Note</i> )	<b>3,990</b>	4,266
	<hr/>	<hr/>
Group's assets	<b>304,700</b>	365,506
	<hr/>	<hr/>
Retail outlet operation	<b>219,383</b>	209,945
Wholesale distribution	<b>1,987</b>	4,076
	<hr/>	<hr/>
Total segment liabilities	<b>221,370</b>	214,021
Other corporate liabilities ( <i>Note</i> )	<b>972</b>	1,070
	<hr/>	<hr/>
Group's liabilities	<b>222,342</b>	215,091
	<hr/>	<hr/>

*Note:*

For the purpose of monitoring segment performances and allocating resources between segments:

- All assets are allocated to reportable and operating segments, other than certain property, plant and equipment, certain right-of-use assets, certain deposit paid, prepayments and other receivables and certain cash and cash equivalents.
- All liabilities are allocated to reportable and operating segments, other than certain other payables relating to central administrative costs and certain lease liabilities.

## Other segment information

	Retail outlet operation RMB'000	Wholesale distribution RMB'000	Unallocated RMB'000	Total RMB'000
<b>For the year ended 31 December 2024</b>				
Amounts included in the measure of segment profit or loss or segment assets:				
Addition to property, plant and equipment	10,596	95	–	10,691
Addition to right-of-use assets	18,858	197	–	19,055
Depreciation of property, plant and equipment	8,660	79	–	8,739
Depreciation of investment properties	327	–	–	327
Depreciation of right-of-use assets	25,128	905	63	26,096
Obsolete inventories written-off	911	105	–	1,016
Finance costs	4,475	25	5	4,505
Loss (gain) on disposal of property, plant and equipment	256	(16)	–	240
Interest income from bank deposits	(182)	(5)	(10)	(197)
Government grants	(1,599)	(5)	–	(1,604)
Impairment losses recognised in respect of property, plant and equipment	5,910	23	–	5,933
Impairment losses recognised in respect of right-of-use assets	16,554	242	–	16,796
Impairment losses recognised (reversed) in respect of trade receivables	2,205	(101)	–	2,104
Impairment losses recognised in respect of other receivables	67	288	396	751
Impairment losses recognised in respect of amounts due from related companies	51	19	–	70
	Retail outlet operation RMB'000	Wholesale distribution RMB'000	Unallocated RMB'000	Total RMB'000

<b>For the year ended 31 December 2023</b>				
Amounts included in the measure of segment profit or loss or segment assets:				
Addition to property, plant and equipment	5,204	46	–	5,250
Addition to right-of-use assets	47,161	885	116	48,162
Depreciation of property, plant and equipment	7,689	146	8	7,843
Depreciation of investment properties	327	–	–	327
Depreciation of right-of-use assets	29,183	1,765	319	31,267
Obsolete inventories written-off	728	–	–	728
Finance costs	4,307	92	5	4,404
Loss on disposal of property, plant and equipment	26	–	–	26
Interest income from bank deposits	(199)	(7)	(85)	(291)
Government grants	(411)	–	–	(411)
Impairment losses recognised in respect of trade receivables	150	479	–	629
Impairment losses recognised (reversed) in respect of other receivables	22	–	(160)	(138)
Impairment losses recognised in respect of amounts due from related companies	168	–	–	168

## 5. REVENUE AND OTHER OPERATING INCOME

### (a) Revenue

Revenue represents revenue arising on sale of goods, net of discounts and sales related taxes, where applicable, rental income and the value of services rendered. An analysis of the Group's revenue for the year is as follows:

	2024 RMB'000	2023 RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
– Sales of goods		
General retail sales under retail outlet operation ( <i>Note</i> )	414,582	510,824
Bulk sales under retail outlet operation	5,298	5,995
General wholesales under wholesale distribution	161,816	135,020
– Services rendered		
Commission from concessionaire sales under retail outlet operation	2,377	3,004
	<b>584,073</b>	654,843
<b>Revenue from other sources</b>		
Rental income from subleasing certain retail areas under retail outlet operation		
– Lease payments that are fixed	8,868	12,566
	<b>592,941</b>	667,409

*Note:* General retail sales included the compensation received from the local government in the PRC for reduced selling prices amounting to approximately RMB770,000 during the year ended 31 December 2023 (2024: nil). In the opinion of the directors of the Company, it was directly related to the sales of daily necessities food in the ordinary and usual course of the Group's business and it was classified as revenue of the Group accordingly.

#### *Disaggregation of revenue from contracts with customers by timing of recognition*

	2024 RMB'000	2023 RMB'000
<b>Timing of revenue recognition</b>		
At a point of time	584,073	654,843

#### *Transaction price allocated to the remaining performance obligation for contracts with customers*

As at 31 December 2024 and 2023, all of the Group's remaining performance obligations for contracts with customers are with periods of one year or less. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at the end of both reporting periods.

**(b) Other operating income**

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Government grants ( <i>Note i</i> )	<b>1,604</b>	411
Interest income from bank deposits	<b>197</b>	291
Net exchange gains	–	80
Net rental income from investment properties ( <i>Note ii</i> )		
– Lease payments that are fixed	<b>1,825</b>	1,835
Promotion income from suppliers	<b>12,297</b>	15,093
Gain on early termination of leases ( <i>Note iii</i> )	<b>421</b>	1,174
Others	<b>1,677</b>	5,532
	<b>18,021</b>	24,416

*Notes:*

- (i) Government grants were awarded to the Group by the PRC government as incentives primarily to encourage the development of the Group and the contribution to the local economic development. The government grants were one-off with no specific condition attached.

- (ii) An analysis of the Group's net rental income is as follows:

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Gross rental income	<b>1,899</b>	1,911
Less: Outgoing incurred for investment properties that generated rental income during the year	<b>(74)</b>	(76)
Net rental income	<b>1,825</b>	1,835

- (iii) During the year ended 31 December 2024, gain on early termination of leases represented the net difference of approximately RMB421,000, comprising a decrease of approximately RMB8,582,000 in right-of-use assets and a decrease of approximately RMB9,003,000 in lease liabilities.

During the year ended 31 December 2023, gain on early termination of leases represented the net difference of approximately RMB1,174,000, comprising a decrease of approximately RMB11,966,000 in right-of-use assets and a decrease of approximately RMB13,140,000 in lease liabilities.

## 6. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest expense on:		
Bank borrowings	1,478	449
Lease liabilities	3,027	3,955
	<u>4,505</u>	<u>4,404</u>

## 7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	2024 RMB'000	2023 RMB'000
Depreciation of property, plant and equipment	8,739	7,843
Depreciation of right-of-use assets	26,096	31,267
Depreciation of investment properties	327	327
Employee benefits expenses (excluding directors' emoluments):		
– Wages and salaries	49,906	52,418
– Pension scheme contributions	8,004	8,407
– Other benefits	1,121	1,177
	<u>59,031</u>	<u>62,002</u>
Auditor's remuneration	750	1,000
Obsolete inventories written-off (included in cost of inventories sold)	1,016	728
Loss on disposal of property, plant and equipment	240	26

## 8. INCOME TAX CREDIT

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Income tax (expense) credit comprises:		
<b>PRC Enterprise Income Tax</b>		
– Under-provision in prior year	(66)	–
Deferred tax	355	772
	<b>289</b>	<b>772</b>

The Group is not subject to any income tax under the jurisdiction of the Cayman Islands and the British Virgin Islands for the years ended 31 December 2024 and 2023.

No provision for Hong Kong Profits Tax has been provided as the Group has no estimated assessable profits arising in Hong Kong for the years ended 31 December 2024 and 2023.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

From 1 January 2019 to 31 December 2024, under the relevant EIT Law, for PRC enterprises that qualifies for small enterprises, annual taxable income below RMB3 million and thin-profit enterprises with an annual taxable income of RMB1 million or less are applicable to the effective tax rate of 5%. Where their annual taxable income exceeds RMB1 million but does not exceed RMB3 million, the RMB1 million portion will be subject to an effective tax rate of 5%, whereas the excess portion will be subject to the effective tax rate of 10%.

No tax is payable on the profit for the year arising in the PRC since the assessable profit is wholly absorbed by tax losses brought forward. The tax losses carried forward amount to approximately RMB87,691,000.

The Group’s subsidiaries in Macau are subject to Complementary Tax at a rate of 12% based on estimated assessable profits for the years ended 31 December 2024 and 2023. During the years ended 31 December 2024 and 2023, no Macau Complementary Income Tax has been provided as there were no assessable profits generated.

## 9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2024	2023
Loss for the year attributable to owners of the Company ( <i>RMB</i> )	<u>(67,976,000)</u>	<u>(26,754,000)</u>
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>290,457,000</u>	<u>290,457,000</u>
Basic and diluted loss per share ( <i>RMB</i> )	<u>(0.23)</u>	<u>(0.09)</u>

The diluted loss per share is the same as the basic loss per share as there are no potential dilutive ordinary shares outstanding during the years ended 31 December 2024 and 2023 or at the end of both reporting periods.

## 10. DIVIDEND

The board of directors does not recommend the payment of final dividend for the years ended 31 December 2024 and 2023.

## 11. TRADE AND BILLS RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	38,111	37,975
Less: allowance for impairment of trade receivables	<u>(3,069)</u>	<u>(1,237)</u>
	35,042	36,738
Bills receivables	<u>46</u>	<u>233</u>
	<u>35,088</u>	<u>36,971</u>

As at 31 December 2024, the gross amount of trade and bills receivables arising from contracts with customers amounted to RMB38,157,000 (2023: RMB37,557,000).

All the bills receivables are aged within 90 days (2023: within 90 days).

All of the Group's sales are on cash basis except for the wholesale of goods, bulk sales of merchandise to corporate customers and rental income receivable from tenants. The average credit terms offered to these customers or tenants are generally for a period of 0-180 days from the invoice date. The following is an aged analysis of the trade receivables, presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the respective reporting periods:

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Within 30 days	<b>13,172</b>	17,833
31 to 60 days	<b>6,742</b>	8,086
61 to 180 days	<b>7,607</b>	1,575
181 to 365 days	<b>3,120</b>	8,503
Over 1 year to 2 year	<b>4,326</b>	441
Over 2 year	<b>75</b>	300
	<b>35,042</b>	36,738

## 12. TRADE PAYABLES

The Group normally obtains credit terms of 0-360 days from its suppliers.

An aged analysis of the trade payables at the end of the respective reporting periods, based on the invoice date, is as follows:

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Current to 30 days	<b>29,472</b>	34,168
31 to 60 days	<b>11,643</b>	15,128
61 to 180 days	<b>12,481</b>	12,113
181 to 365 days	<b>4,901</b>	8,506
Over 1 year to 2 year	<b>2,357</b>	3,333
Over 2 year	<b>5,737</b>	5,136
	<b>66,591</b>	78,384

## 13. BANK BORROWINGS

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Secured bank borrowings classified as current liabilities	<b>62,000</b>	28,000
Carrying amount of bank borrowings that contain a repayment on demand clause but repayable:*		
Within one year	<b>62,000</b>	28,000

\* The amounts due are based on scheduled repayment dates set out in the loan agreements.

During the year ended 31 December 2024, the bank borrowings were denominated in RMB, bore interest at fixed rates ranging from 3.45% to 3.60% (2023: 3.95%) per annum.

The Group's interest-bearing bank borrowings are secured by:

- (i) the pledge of certain buildings of the Group with carrying values of approximately RMB10,551,000 and RMB10,985,000 as at 31 December 2024 and 2023 respectively;
- (ii) the pledge of certain right-of-use assets of the Group with carrying values of approximately RMB18,485,000 and RMB19,232,000 as at 31 December 2024 and 2023 respectively; and
- (iii) the pledge of investment properties of the Group with carrying values of approximately RMB8,370,000 and RMB8,697,000 as at 31 December 2024 and 2023 respectively.

#### 14. SHARE CAPITAL

	2024		2023	
	<i>Number of shares</i>	<i>RMB'000</i>	<i>Number of shares</i>	<i>RMB'000</i>
Ordinary share of HK\$0.01 each				
<b>Authorised:</b>				
At 1 January and 31 December	<u>2,000,000,000</u>	<u>15,826</u>	<u>2,000,000,000</u>	<u>15,826</u>
<b>Issued and fully paid:</b>				
At 1 January and 31 December	<u>290,457,000</u>	<u>2,387</u>	<u>290,457,000</u>	<u>2,387</u>

#### 15. OPERATING LEASE ARRANGEMENTS

##### The Group as a lessor

The Group sub-leases certain areas inside its retail outlets and leases out its investment properties. The leases are negotiated for terms ranging from 1 to 10 years. None of the lease includes contingent rentals.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date, which will be receivable by the Group in future periods, are as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	<u>9,397</u>	<u>15,767</u>

## BUSINESS REVIEW

China Shun Ke Long Holdings Limited (the “Company”, collectively referred to as the “Group” with its subsidiaries) is an investment holding company, and the Group is a supermarket chain store operator with geographical focus in Guangdong province of the People’s Republic of China (the “PRC”). During the year ended 31 December 2024 (the “FY2024” or the “Year”), the Group maintained both retail and wholesale distribution channels.

### Retail Outlets

During the FY2024, the Group opened six retail outlets and closed or re-franchised sixteen retail outlets. As at 31 December 2024, the Group had fifty retail outlets located in Guangdong Province of the PRC and one retail outlet located in the Macau Special Administrative Region (“Macau”) of the PRC, respectively.

The following table sets forth the changes in the number of retail outlets of the Group during the FY2024 and the year ended 31 December 2023 (the “FY2023”):

	<b>For the year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
At the beginning of the year	<b>61</b>	67
Additions	<b>6</b>	4
Reductions	<b>(16)</b>	(10)
	<hr/>	<hr/>
At the end of the year	<b>51</b>	61

The following table sets forth the breakdown of the number of retail outlets of the Group by geographical location as at 31 December 2024:

<b>Location</b>	<b>Number of retail outlets</b>
Foshan	<b>42</b>
Zhaoqing	<b>4</b>
Zhuhai	<b>1</b>
Guangzhou	<b>2</b>
Shenzhen	<b>1</b>
	<hr/>
Guangdong Province	<b>50</b>
Macau	<b>1</b>
	<hr/>
Total	<b>51</b>

## General Wholesale

During the FY2024, the Group managed to keep the profitable sole and exclusive distribution rights that it gained prior to the FY2024. The Group maintained sole and exclusive distribution rights for sixteen brands covering Foshan and Zhaoqing. The exact coverage of the Group's sole and exclusive distribution rights varied among those sixteen brands. Instead of developing the size of general wholesale customer base, the Group put more emphases on gaining more subdistributors rather than retailers as the Group's customers.

## Franchise Operation

The Group has a franchise scheme opened for application by interested parties to franchise retail outlets. The proceeds from selling goods to franchisees of the Group form a part of its wholesale distribution revenue.

The following table sets forth the changes in number of franchise outlets of the Group during the FY2024 and FY2023:

	<b>For the year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
At the beginning of the year	<b>1,008</b>	823
Additions	<b>173</b>	185
	<hr/>	<hr/>
At the end of the year	<b>1,181</b>	1,008
	<hr/>	<hr/>

## RECENT DEVELOPMENTS AND OUTLOOK

In recent years, online channels have penetrated into all walks of life, becoming essential for retail businesses, meanwhile, community group buying has emerged, impacting brick-and-mortar retailers. From 2023 to 2024, as offline consumption scenarios recover, consumer vitality is expected to be further unleashed. However, consumer confidence remains weak, and both consumption capacity and willingness require further enhancement. The top priority for retail and consumer goods companies is now to efficiently manage operations centered around consumers, promoting sustained consumption among existing customers. Traditional supermarkets need to adapt their business models for breakthroughs promptly to align with market changes, focusing on upgrading and transitioning towards more professional and refined operations. They are beginning to emphasize internal capabilities, detailed management, supply chain integration, and continuous improvement of store fundamentals.

Faced with this challenging environment, the Group has responded calmly by taking following major measures in the FY2024: (i) establishing the Group's a number of "Supply and Marketing Discount Store" to enhance revenue with a new business model; (ii) closing unprofitable stores to cut losses and adjusting operations for profitable stores to stabilize income; (iii) continuing to expand "Shun Ke Long Fresh Market" stores and their profitability models, highlighting growth points in fresh produce; (iv) building "24-hour AI Smart Unmanned Stores" and integrating cloud monitoring functions in up to 27 existing stores to achieve instant consumption; (v) keeping pace with market dynamics by developing the "Tiktok Hourly Delivery" service through new media channels and continuously expanding our proprietary e-commerce platforms "SKL Select" and "Yubanghang Mini Program", thereby

enhancing sales through online-offline integration; (vi) adjusting wholesale agency brands, while vigorously developing centralized procurement and distribution business to effectively enhance the profitability of the wholesale sector; (vii) improving employee efficiency, reducing labor costs, and achieving cost savings by thoroughly reviewing all operational aspects; (viii) continuing to improve the supply chain system through direct factory supply, nationwide joint sourcing, and direct sourcing from production bases to reduce intermediary steps and increase gross profit margins; and (ix) focusing on team building, enhancing the quality of the operation team through means, such as employee training and employee incentives, and emphasizing core functions in procurement and operations.

In the current complex and challenging retail environment, the Group will continue to focus on the supermarket chain business through reform, transformation, and innovation. The Group will adhere to the sales model of “Retail + Wholesale + Centralized Procurement and Sale + Franchise + Online-offline Integration + Community Marketing”, constantly exploring and innovating new business models, and developing into an influential leading supermarket enterprise in the Guangdong-Hong Kong-Macao Greater Bay Area. In addition, we aim to explore opportunities outside Guangdong Province and even in Hong Kong, leveraging favorable policies in areas like the Hainan Free Trade Port to expand our import-export business territory. Furthermore, we will proactively adjust the direction of its business development by leveraging the influence and resources of the All China Federation of Supply and Marketing Cooperatives, vigorously developing centralized procurement and sale business, and striving to become a leading national urban-rural circulation operator. We aim to facilitate the bidirectional flow of industrial and agricultural products, facilitating urban-rural integrated development.

Besides continuing the aforementioned measures, the Group will focus on the following efforts in 2025: (i) further optimizing the supply chain system to significantly reduce product costs and enhance market competitiveness; (ii) continuing to develop new business operation models to achieve incremental growth, developing supply and marketing discount stores and centralized procurement and distribution business, improving revenue performance and making it a new highlight of the Group; (iii) expanding the business models of “24-hour AI Smart Unmanned Stores” and “Shun Ke Long Fresh Market” vigorously through direct or franchised operations to increase profitability; (iv) adopting a store-specific approach, closing unprofitable stores, upgrading and renovating stores with potentials, and adjust category structures to further optimize the store environment and shopping experience, thereby increasing profitability; (v) strengthening marketing efforts on new media platforms like Tiktok and video accounts, expanding the presence on online platforms, and vigorously developing our proprietary e-commerce platforms “SKL Select” and “Yubanghang Mini Program” for online-offline integration; (vi) leveraging the Group’s comprehensive up-and-down stream supply and sales system and distribution and warehousing capacities, and capitalizing on favorable conditions in the Hainan Free Trade Port and the Greater Bay Area, to explore international market; (vii) focusing on hot-selling events and promotional campaigns, such as various e-commerce shopping festivals, Mid-Autumn Festival, National Day, Year-End 21% Off Promotions, and Member Day on Tuesdays; (viii) continuing to adjust operational processes, tightly controlling expenditures, and managing costs; (ix) continuing to strengthen employee training, improve after-sales service, and enhance customer satisfaction and loyalty; and (x) actively participating in social welfare undertakings and community activities to enhance social image and brand value.

## **KEY RISKS AND UNCERTAINTIES**

The Group's financial position, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The followings are the key risks identified by the Group. Save as those shown below, there may be other risks that are not known to the Group or that may not be material now but could turn out to be material in the future.

### **Fierce Competition in Expanding Retail Outlets Network**

Under fierce competition in the retail industry, we are facing various local and foreign competitors. Our future growth and profitability depend in part on our ability to expand our new business presence and network and to implement our expansion plan. Particularly, it is subject to the risks and uncertainties as to our ability to identify suitable sites for new retail outlets, availability of resources and funding for expansion plan, our ability to attract management talents, and our ability to obtain government approvals, among others. If we fail to implement the expansion plan, our results of operations may be adversely affected.

### **Change in Consumer Preferences**

Consumer preferences in the PRC are changing at a rapid pace and are affected by many factors such as economic conditions, disposable income, government policies, family structure, trend, and many other factors. The success of our business depends on our ability to provide products that meet the customer demands. If we fail to accurately forecast and adjust our product mix in time to meet the consumer demands and preferences, our results of operations may be adversely affected.

### **Thin Profit Margin**

As the Group is facing keen competition from other players in the supermarket industry and online retailers, and due to the increase in the operating costs, the profit margin has been squeezed. If there is any occurrence of unfavourable event such as the outbreak of infectious disease, concern over safety of product, price advantage of our competitors etc., our volume of products sold, selling prices or costs of sales may be adversely affected.

### **Competition from Online Retailing Platform**

Online retailing platform has been rising abruptly these years. Based on its inherent attributions such as efficiency, it has been threatening our retail outlets or slowing down our pace of expanding our retail outlets network before we establish our own robust online retailing channels. As such, this further the competition in this supermarket operation industry.

## **High Staff Turnover Rate**

The Group is mainly engaged in the supermarket business, which has a high demand for staff. Shortage of manpower or higher employee turnover rate may adversely affect our business, operating results and expansion plans. In recent years, the turnover rate of younger people working in our business has been on the rise.

## **FINANCIAL REVIEW**

### **Revenue**

For the FY2024, the Group's revenue amounted to approximately RMB592.9 million, representing a decrease of approximately RMB74.5 million or 11.2% over the revenue for the FY2023. The decrease in revenue was mainly due to the reduction of the centralised procurement and sale business and closure of certain retail stores during the Year.

For the FY2024, the Group's revenue from retail outlet operation was approximately RMB431.1 million, representing a decrease of approximately RMB101.3 million or 19.0% from the FY2023. The decrease in revenue was mainly due to the reduction of the centralised procurement and sale business and closure of certain retail stores during the Year.

For the FY2024, the Group's revenue from wholesale distribution operation was approximately RMB161.8 million, representing an increase of approximately RMB26.8 million or 19.9% from the FY2023. The increase in revenue was mainly due to the increase in revenue from distribution of Yili and Wahaha brands.

### **Gross Profit Margin**

For the FY2024 and the FY2023, the Group's gross profit margin was 12.1% and 13.7%, respectively. Such decrease was mainly due to the decrease in gross profit margin of wholesale distribution, the decrease in rental income from retail outlets and merchandise parity subsidy in the Year.

The following table sets forth the breakdowns of the revenue, cost of inventories sold and gross profit in respect of the two business segments of the Group for the FY2024 and the FY2023:

	<b>For the year ended 31</b>	
	<b>December</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000,000</b>	<b>RMB'000,000</b>
<b>Revenue</b>		
Retail outlet operation	<b>431.1</b>	532.4
Wholesale distribution	<b>161.8</b>	135.0
Total	<b>592.9</b>	667.4
<b>Cost</b>		
Retail outlet operation	<b>365.5</b>	447.6
Wholesale distribution	<b>155.5</b>	128.6
Total	<b>521.0</b>	576.2
<b>Gross profit</b>		
Retail outlet operation	<b>65.6</b>	84.8
Wholesale distribution	<b>6.3</b>	6.4
Total	<b>71.9</b>	91.2
<b>Gross Profit Margin</b>		
Retail outlet operation	<b>15.2%</b>	15.9%
Wholesale distribution	<b>3.9%</b>	4.7%
Total	<b>12.1%</b>	13.7%

For the FY2024, the Group's other operating income was approximately RMB18.0 million, representing a decrease of approximately RMB6.4 million or 26.2% from FY2023. Such decrease was mainly due to the decrease in promotion income from suppliers.

### **Selling and Distribution Costs**

For the FY2024, the Group's selling and distribution costs were approximately RMB100.9 million, representing a decrease of approximately RMB11.0 million or 9.8% from the FY2023. This decrease was primarily due to lower labour costs, property costs, and utility costs as a result of the closure of certain retail outlets.

## **Administrative Expenses**

For the FY2024, the Group's administrative expenses were approximately RMB27.3 million, representing an increase of approximately RMB1.2 million or 4.8% from the FY2023, which was mainly attributable to the increase in professional service fees.

## **Finance Costs**

For the FY2024, the Group's finance costs were approximately RMB4.5 million, representing an increase of approximately RMB0.1 million or 2.3% from the FY2023. The increase was mainly due to increased interest expenses on short-term borrowings.

## **Impairment Losses Recognised in Property, Plant and Equipment and Right-of-use Assets**

In the FY2024, the management performed an impairment assessment of property, plant and equipment and right-of-use assets of the Group. Accordingly, impairment loss has been incurred on the Group's property, plant and equipment and right-of-use assets, with a total amount of approximately RMB22.7 million. The recoverable amount of a cash generating unit is determined based on a discounted pre-tax cash flow projection, prepared in accordance with the financial budgets approved by management.

## **Income Tax Credit**

For the FY2024, the Group's income tax credit amounted to approximately RMB289,000, as compared to approximately RMB772,000 for the FY2023. The change was mainly due to the recognition of current income tax expense for under-provision in prior year and changes in deferred tax assets arising from lease transactions.

## **Net Loss**

For the FY2024, the net loss of the Group amounted to approximately RMB68.2 million, representing an increase in loss of approximately RMB41.5 million or 155.6% as compared with that of the FY2023. The increase in loss was mainly due to the decrease in overall gross profit amount as a result of the decline in sales revenue and gross profit margin, impairment of assets due to the impact of the business environment, as well as the decrease in promotion income from suppliers.

## **Total Comprehensive Expense**

For the FY2024, the total comprehensive expense of the Group was approximately RMB68.1 million, representing an increase in loss of approximately RMB41.7 million or 158.3% from the FY2023. The change was mainly due to the increase in net loss as explained above.

## **Capital Expenditures**

The Group's capital expenditures mainly relate to additions of its property, plant and equipment and right-of-use assets for the opening of new retail outlets and renovation of existing retail outlets. For the FY2024, the Group spent approximately RMB10.7 million and RMB19.1 million on the acquisition of property, plant and equipment and right-of-use assets, respectively.

## **Capital Commitments**

As at 31 December 2024, the Group had no significant capital commitments (31 December 2023: nil).

## **Liquidity and Financial Resources**

As at 31 December 2024, the Group had cash and cash equivalents of approximately RMB21.2 million (31 December 2023: approximately RMB48.7 million), out of which approximately RMB20.0 million was denominated in RMB and approximately RMB1.2 million was denominated in HK\$, USD or MOP.

As at 31 December 2024, the Group had net current assets of approximately RMB20.4 million (31 December 2023: approximately RMB64.2 million) and net assets of approximately RMB82.4 million (31 December 2023: approximately RMB150.4 million). As at 31 December 2024, the Group had unutilised banking facilities of approximately RMB28.0 million (31 December 2023: RMB62.0 million).

In order to minimise credit risk, the management of the Group has assigned responsible staff to determinate credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The management considered that risk of default in respect of trade and other receivables is low and thus the identified impairment loss was immaterial.

## **Significant Investments and Plans for Material Investments or Capital Assets**

The Group did not hold any significant investments during the FY2024.

## **Material Acquisitions and Disposals**

The Group did not carry out any material acquisition nor disposal of any subsidiary during the FY2024.

## Indebtedness and Pledge of Assets

As at 31 December 2024, the Group had bank borrowings denominated in RMB of approximately RMB62.0 million (31 December 2023: approximately RMB28.0 million) secured by:

- (i) the pledge of certain buildings of the Group with carrying amounts of approximately RMB10.6 million as at 31 December 2024 (31 December 2023: approximately RMB11.0 million);
- (ii) the pledge of certain right-of-use assets of the Group with carrying amounts of approximately RMB18.5 million as at 31 December 2024 (31 December 2023: approximately RMB19.2 million); and
- (iii) the pledge of certain investment properties of the Group with carrying amounts of approximately RMB8.4 million as at 31 December 2024 (31 December 2023: approximately RMB8.7 million).

All those bank borrowings were repayable within a year. During the year ended 31 December 2024, the interests of those loans were at fixed rates ranging from 3.45% to 3.60% per annum (2023: at fixed rate of 3.95% per annum).

## Key Financial Ratios

The following table sets forth the key financial ratios of the Group for the FY2024 and the FY2023:

	<b>For the year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
Debtors turnover days	<b>22.0</b>	18.0
Inventory turnover days	<b>54.0</b>	60.1
Creditors turnover days	<b>51.0</b>	55.1
Return on equity	<b>-83.6%</b>	-17.9%
Return on total assets	<b>-22.4%</b>	-7.3%
Total loans ( <i>RMB'000,000</i> )	<b>62.0</b>	28.0
Total equity ( <i>RMB'000,000</i> )	<b>82.4</b>	150.4
Gearing ratio	<b>75.3%</b>	18.6%
Net debt to equity ratio	<b>Net cash</b>	Net cash
Current ratio	<b>1.1x</b>	1.4x
Quick ratio	<b>0.7x</b>	0.9x

*Note:* Gearing ratio is calculated as total loans divided by total equity.

## **Foreign Currency Exposure**

Majorities of the Group's assets, liabilities and cash flows were denominated in RMB and part of the Group's assets were denominated in HK\$. During the FY2024, the depreciation of RMB against HK\$ had slight impact from translation as the reporting currency of the Group was RMB. Apart from that, the management of the Company viewed that the change in exchange rate for RMB against foreign currencies did not have significant impact on the Group's financial position nor performance given that the functional currency of the Group was RMB. During the FY2024, the Group did not engage in any hedging activities and the Group had no intention to carry out any hedging activities in the near future. The management of the Group will continue to closely monitor the foreign currency market and consider carrying out hedging activities when necessary.

## **Contingent Liabilities**

As at 31 December 2024, the Group did not provide any guarantee for any third party and did not have any significant contingent liabilities.

## **Employees**

The Group had a total of 784 employees as at 31 December 2024, of which 776 employees worked in the mainland of the PRC and 8 worked in Hong Kong. Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. The Group also provides internal training for staff and bonuses based upon staff performance and profit of the Group. During the FY2024, the Group had not caused any significant impact on its operation due to labour disputes nor had it experienced any difficulty in the recruitment of experienced staff. The Group maintains a good relationship with its employees.

## **LISTING**

The shares of the Company (the "Shares") were successfully listed (the "Listing") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 September 2015 (the "Listing Date") through an offering of Shares (the "Global Offering"). For the details of the Global Offering, please refer to the prospectus issued by the Company (the "Prospectus") on 28 August 2015. In the Global Offering, 75,600,000 Shares were issued at HK\$2.88 each and the total gross proceeds received amounted to approximately HK\$217.7 million (equivalent to approximately RMB178.9 million).

## **USE OF PROCEEDS**

The net proceeds from the Global Offering, after deducting underwriting fees and related expenses, amounted to approximately HK\$188.6 million (equivalent to approximately RMB155.0 million), was intended to be applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

On 24 October 2016, due to the slowdown in economic growth in the PRC, the Board resolved to re-allocate a portion of the unutilised net proceeds from “opening of new retail outlets” to “upgrading existing retail outlets” and “repayment of bank borrowings”, so as to enhance the Group’s competitiveness as one of the major market players in Guangdong province and reduce the Group’s finance costs. For further details, please refer to the announcement of the Company dated 24 October 2016.

Up to 19 June 2024, other than the RMB12.5 million as described below, the net proceeds have been applied according to the disclosure in the Prospectus and the announcement of the Company dated 24 October 2016. On that day, the Board further resolved to change the use of the remaining RMB12.5 million unutilised net proceeds from “upgrading and expanding the existing two distribution centres” to “upgrading existing retail outlets”, as the existing distribution centres adequately met market demand and upgrading existing retail outlets aligned with the Group’s ongoing efforts to optimize the store environment and enhance the shopping experience. For further details, please refer to the announcement of the Company dated 19 June 2024.

An analysis of the utilisation of the net proceeds as at 31 December 2024 is set out below:

	Revised allocation of the net proceeds as disclosed in the announcement dated 19 June 2024 <i>RMB million</i>	Utilisation up to 31 December 2024 <i>RMB million</i>	Actual use of net proceeds during the FY2024 <i>RMB million</i>	Remaining balance of net proceeds as at 31 December 2024 <i>RMB million</i>	Expected timeline for utilising the remaining net proceeds
Opening of new retail outlets	74.4	74.4	–	–	
Upgrading existing retail outlets	27.1	18.3	3.7	8.8	Expected to be utilised by 31 December 2026 ( <i>Note</i> )
Repayment of bank borrowings	27.9	27.9	–	–	
Information systems upgrades	11.2	11.2	–	–	
Upgrading and expanding the existing two distribution centres	0.8	0.8	–	–	
General working capital	13.6	13.6	–	–	
<b>Total</b>	<b>155.0</b>	<b>146.2</b>	<b>3.7</b>	<b>8.8</b>	

*Note:* The Board expected that the unutilised balance will be used as disclosed in the announcement of the Company dated 19 June 2024. The expected timeline for utilising the net proceeds is based on the Group’s existing business plans and subject to changes based on the business needs of the Group and market conditions.

## **EVENTS AFTER THE REPORTING PERIOD**

The Board is not aware of any significant events requiring disclosure that has taken place subsequent to 31 December 2024 and up to the date of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

## **CORPORATE GOVERNANCE PRACTICES**

The Board is committed to achieving high corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework to safeguard the interests of shareholders of the Company (the "Shareholders"), to enhance corporate value and accountability, and to formulate its business strategies and policies for the development of the Group. The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

### **Non-compliance with Rules 3.10(1), 3.21, 3.25 and 3.27A of the Listing Rules**

Following the resignation of Mr. Wang Yilin as an independent non-executive Director on 26 October 2023, the Company is not in compliance with (i) Rule 3.10(1) of the Listing Rules, which stipulates that the Board must include at least three independent non-executive directors; (ii) Rule 3.21 of the Listing Rules, which stipulates that the audit committee must comprise a minimum of three members; (iii) Rule 3.25 of the Listing Rules, which stipulates that the remuneration committee must be chaired by an independent non-executive director and comprise a majority of independent non-executive directors; and (iv) Rule 3.27A of the Listing Rules, which stipulates that the nomination committee must comprise a majority of independent non-executive directors.

To identify suitable candidate(s) to fill the vacancy and comply with the Listing Rules requirements, the Company had actively sought referrals of potential candidates from its Board, senior management, CCOOP Group Co., Ltd ("CCOOP") (a controlling shareholder of the Company) and Hainan HNA No.2 Trust Management Service Co., Ltd. (the then controlling shareholder of CCOOP). In addition, the Company broadened its search channels, including but not limited to various industrial associations, other regions within the PRC, and individuals with diverse backgrounds and talents.

Following the appointment of Mr. Gao Jingyuan as an independent non-executive Director on 27 March 2024, the number of independent non-executive Directors had satisfied the minimum number required under Rule 3.10(1) of the Listing Rules. The Company also met the requirements set out in Rules 3.21, 3.25 and 3.27A of the Listing Rules with regard to the composition of the audit committee, the remuneration committee and the nomination committee.

Save as those mentioned above and in the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code throughout the year ended 31 December 2024.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiry to all Directors regarding any non-compliance with the Model Code for the year ended 31 December 2024 and they all confirmed that they have fully complied with the required standards as set out in the Model Code.

## **REVIEW BY THE AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters. The consolidated financial statements and annual results of the Group for the year ended 31 December 2024 have been reviewed by the Audit Committee and have been audited by the Group's auditor, Messrs. SHINEWING (HK) CPA Limited. The Audit Committee is of the opinion that the financial statements complied with the applicable accounting standards and requirements, and that adequate disclosures have been made. For the FY2024, the Audit Committee considered the Group's risk management and internal control system as adequate and effective.

## **DIVIDEND**

The Board has resolved not to recommend the payment of any final dividend for the FY2024.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the website of the Stock Exchange at <http://www.hkexnews.hk> and on the Company's website at [www.skl.com.cn](http://www.skl.com.cn). The annual report for the year ended 31 December 2024 of the Group containing all the information required by the Listing Rules will also be published on the same websites and dispatched to the Shareholders in due course.

## SCOPE OF WORK PERFORMED BY AUDITOR

The financial information has been reviewed by the Audit Committee and approved by the Board. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this preliminary results announcement.

By order of the Board  
**China Shun Ke Long Holdings Limited**  
**Wang Rengang**  
*Chairman and Executive Director*

Hong Kong, 27 March 2025

*As at the date of this announcement, the executive directors are Mr. Wang Rengang and Ms. Wang Hui; the non-executive director is Ms. Du Jing; and the independent non-executive directors are Mr. Cheng Hok Kai Frederick, Mr. Gao Jingyuan and Mr. Ng Hoi.*