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CENTRAL NEW ENERGY HOLDING GROUP LIMITED

中環新能源控股集團有限公司

(Formerly known as Central Holding Group Co. Ltd. 中環控股集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1735)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the Reporting Period amounted to approximately HK\$1,660.1 million (for the Previous Period: approximately HK\$565.5 million).
- Profit attributable to the owners of the Company for the Reporting Period amounted to approximately HK\$16.1 million (profit attributable to owners of the Company for the Previous Period: approximately HK\$7.8 million).
- Basic and diluted earnings per share for the Reporting Period amounted to approximately HK cents 1.52 (basic and diluted earnings per share for the Previous Period: approximately HK cents 0.74).
- The Directors do not recommend the payment of an interim dividend for the Reporting Period (for the Previous Period: nil).

The board (the “**Board**”) of directors (“**Directors**”) of Central New Energy Holding Group Limited (the “**Company**”) presents the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”) together with the comparative figures for the six months ended 30 June 2022 (the “**Previous Period**”).

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2023

		Six months ended	
		30/06/2023	30/06/2022
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	3	1,660,071	565,513
Direct costs		(1,593,501)	(551,701)
Gross profit		66,570	13,812
Other income and net gains/(losses)	3	7,084	18,699
Administrative and other operating expenses		(35,779)	(23,185)
Finance costs		(8,005)	(3,147)
Profit before income tax	4	29,870	6,179
Income tax (expense)/credit	5	(5,751)	213
Profit for the period		24,119	6,392
Other comprehensive (expenses)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
— Exchange differences arising on translation of foreign operations		(18,472)	(7,088)
— Reclassification of cumulative translation reserve upon disposal of foreign operations		(911)	173
Other comprehensive expenses for the period, net of tax		(19,383)	(6,915)
Total comprehensive income/(expense) for the period attributable to owners of the Company		4,736	(523)

		Six months ended	
		30/06/2023	30/06/2022
		(unaudited)	(unaudited)
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the period attributable to:			
	Owners of the Company	16,077	7,849
	Non-controlling interests	8,042	(1,457)
		<u>24,119</u>	<u>6,392</u>
Total comprehensive income/(expense) for the period attributable to:			
	Owners of the Company	3,210	458
	Non-controlling interests	1,526	(981)
		<u>4,736</u>	<u>(523)</u>
		<i>HK Cents</i>	<i>HK Cents</i>
Earnings per share attributable to owners of the Company			
	— Basic and diluted earnings per share	1.52	0.74
		<u>6</u>	

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	At 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
<i>Notes</i>		
ASSETS		
Non-current assets		
Property, plant and equipment	242,012	82,455
Right-of-use assets	2,404	3,125
Investment properties	216,968	229,390
Intangible assets	2,958	3,069
Deposit and prepayment for life insurance policy	3,333	3,293
	467,675	321,332
Current assets		
Financial assets at fair value through profit or loss	796	796
Properties available for sale	66,020	72,547
Contract assets	89,495	104,887
Trade and other receivables	8 1,394,841	340,336
Inventories	67,876	36,583
Tax recoverable	561	561
Cash and bank balances	382,152	613,996
	2,001,741	1,169,706
Total assets	2,469,416	1,491,038
EQUITY		
Capital and reserves		
Share capital	2,640	2,640
Reserves	536,064	185,652
	538,704	188,292
Equity attributable to owners of the Company	538,704	188,292
Non-controlling interests	757,405	(119)
	1,296,109	188,173
Total equity	1,296,109	188,173

	At	At
	30 June	31 December
	2023	2022
	(unaudited)	(audited)
<i>Notes</i>	HK\$'000	HK\$'000
LIABILITIES		
Non-current liabilities		
Lease liabilities	1,087	1,876
Liabilities for long service payments	681	681
Amounts due to related companies	16,993	397,072
Borrowings	206,280	–
Deferred tax liabilities	6,998	7,705
	<u>232,039</u>	<u>407,334</u>
Current liabilities		
Contract liabilities	17,948	65,736
Trade and other payables	792,069	318,189
Lease liabilities	1,558	1,380
Borrowings	122,800	499,728
Tax payables	6,893	10,498
	<u>941,268</u>	<u>895,531</u>
Total liabilities	<u>1,173,307</u>	<u>1,302,865</u>
Total equity and liabilities	<u>2,469,416</u>	<u>1,491,038</u>
Net current assets	<u>1,060,473</u>	<u>274,175</u>
Total assets less current liabilities	<u>1,528,148</u>	<u>595,507</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 29 March 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares (the “**Shares**”) have been listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 29 March 2018. As at 30 June 2023, its parent and ultimate holding company is Central Culture Resource Group Limited, a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability and wholly owned by Mr. Yu Zhuyun, the controlling shareholder of the Company.

The Company’s registered office address is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the Company’s principal place of business is Unit 2102–03 & 10–12, 21/F, K.Wah Centre, 191 Java Road, North Point, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the business of (i) building works and construction related business; (ii) food and beverage (“**F&B**”) supply chain; (iii) health and wellness; (iv) smart logistic and information system and (v) new energy and engineering, procurement, and construction (“**EPC**”).

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. The condensed consolidated interim financial statements should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

The condensed consolidated interim financial statements are presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss which are carried at fair value.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the significant accounting policies used in the preparation of condensed consolidated interim financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group's condensed consolidated interim financial statements:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

3. REVENUE, OTHER INCOME AND NET GAINS/(LOSSES) AND SEGMENT INFORMATION

Revenue, other income and net gains/(losses) recognised during the periods are as follows:

	Six months ended	
	30/06/2023 (unaudited) HK\$'000	30/06/2022 (unaudited) HK\$'000
Revenue		
Building works and construction related business	716,774	277,287
Health and wellness	263,873	196,945
F&B supply chain	6,183	85,469
Smart logistics and information system	1,117	24
New energy and EPC	672,124	—
	<hr/>	<hr/>
Revenue from contracts with customers	1,660,071	559,725
Rental income	—	5,788
	<hr/>	<hr/>
	1,660,071	565,513
	<hr/>	<hr/>
Other income and net gains/(losses)		
Interest income	1,768	19
Gain on disposal of subsidiaries	4,374	7,685
Government grants	45	588
Operating lease income — machinery and equipment	424	575
Business consulting fee	—	9,173
Sundry income	473	659
	<hr/>	<hr/>
	7,084	18,699
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During the Reporting Period, the Group recognised government grants of approximately HK\$45,000 (Previous Period: approximately HK\$588,000), there were no unfulfilled conditions. During the Previous Period, the Group recognised government grants of approximately HK\$588,000, of which approximately HK\$464,000 in respect of Covid-19-related subsidies related to the Employment Support Scheme provided by the Hong Kong government, and the grants were recognised when the required employment conditions were fulfilled.

Segment information

The Group's operating segments are determined based on information reported to the board of directors of the Company, being the chief operating decision-maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance.

Specifically, the Group's reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

- (i) Building works and construction related business — provision of piling works, excavation and lateral support works, and pile cap construction and building works; development and sale of properties and holding of properties for investment and leasing purposes; provision of property management services, which include security, cleaning, greening, gardening, repair and maintenance; and supplying of construction materials;
- (ii) F&B supply chain — provision of agriculture products, F&B materials supply chain business;
- (iii) Health and wellness — provision of health and wellness services, which include healthcare consulting and sales of healthcare products and healthy food;
- (iv) Smart logistic and information system — provision of logistics services and information technology development; and
- (v) New energy and EPC — manufacturing and sales of photovoltaic products and EPC.

In the Previous Period, (i) foundation works and superstructure building works and trading of construction materials, (ii) property development and investment, and (iii) property management services were reported to the CODM as stand-alone business units and constituted separate segments. Following a change in the Group's operating and reporting structure, starting from the year 2022, such business activities are combined into a single segment before being reported to the CODM. Accordingly, the CODM now reviews the Group's internal reporting based on the five abovementioned segments. Following the changes of reporting segments, the comparative segment information has been reclassified.

Segment revenue and results

The following is an analysis of the Group's revenue and result by operating segments:

For the six months ended 30 June 2023

	Building works and construction related business (unaudited) <i>HK\$'000</i>	F&B supply chain (unaudited) <i>HK\$'000</i>	Health and wellness (unaudited) <i>HK\$'000</i>	Smart logistic and information system (unaudited) <i>HK\$'000</i>	New energy and EPC (unaudited) <i>HK\$'000</i>	Elimination (unaudited) <i>HK\$'000</i>	Total (unaudited) <i>HK\$'000</i>
REVENUE							
Revenue from external customers	716,774	6,183	263,873	1,117	672,124	-	1,660,071
Inter-segment sales	-	-	-	-	-	-	-
	<u>716,774</u>	<u>6,183</u>	<u>263,873</u>	<u>1,117</u>	<u>672,124</u>	<u>-</u>	<u>1,660,071</u>
RESULT							
Segment profit/(loss)	<u>12,345</u>	<u>63</u>	<u>(810)</u>	<u>(17)</u>	<u>25,426</u>	<u>-</u>	<u>37,007</u>
Other income and net gains							7,084
Unallocated corporate expenses							(6,216)
Finance costs							(8,005)
Profit before income tax							<u>29,870</u>

For the six months ended 30 June 2022

	Building works and construction related business (unaudited) <i>HK\$'000</i>	F&B supply chain (unaudited) <i>HK\$'000</i>	Health and wellness (unaudited) <i>HK\$'000</i>	Smart logistic and information system (unaudited) <i>HK\$'000</i>	Elimination (unaudited) <i>HK\$'000</i>	Total (unaudited) <i>HK\$'000</i>
REVENUE						
Revenue from external customers	283,075	85,469	196,945	24	-	565,513
Inter-segment sales	<u>5,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,821)</u>	<u>-</u>
	288,896	85,469	196,945	24	(5,821)	565,513
RESULT						
Segment profit/(loss)	<u>1,998</u>	<u>(1,224)</u>	<u>(2,318)</u>	<u>(792)</u>	<u>-</u>	<u>(2,336)</u>
Other income and net gains						18,699
Unallocated corporate expenses						(7,037)
Finance costs						(3,147)
Profit before income tax						<u>6,179</u>

Segment revenue reported above represents revenue generated from external customers. Inter-segment revenue is charged at prevailing market rates.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit/(loss) from each segment without allocation of other income and net gains/(losses), unallocated corporate expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

	At 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
Segment assets		
Building works and construction related business	541,515	709,377
F&B supply chain	11,050	885
Health and wellness	46,265	40,017
Smart logistic and information system	15,154	18,888
New energy and EPC	<u>1,778,220</u>	<u>564,888</u>
Total segment assets	2,392,204	1,334,055
Unallocated corporate assets	<u>77,212</u>	<u>156,983</u>
Consolidated total assets	<u><u>2,469,416</u></u>	<u><u>1,491,038</u></u>
Segment liabilities		
Building works and construction related business	287,033	439,765
F&B supply chain	6,001	1,095
Health and wellness	22,389	39,340
Smart logistic and information system	7,456	11,489
New energy and EPC	<u>843,273</u>	<u>456,771</u>
Total segment liabilities	1,166,152	946,460
Unallocated corporate liabilities	<u>7,155</u>	<u>356,405</u>
Consolidated total liabilities	<u><u>1,173,307</u></u>	<u><u>1,302,865</u></u>

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

- all assets are allocated to operating segments other than deposits and prepayment for life insurance policy, financial assets at fair value through profit or loss, tax recoverable, cash and bank balance and other unallocated corporate assets; and
- all liabilities are allocated to operating segments other than tax payables, deferred tax liabilities, liabilities for long service payments and other unallocated corporate liabilities.

4. PROFIT BEFORE INCOME TAX

Profit before taxation has been arrived at after charging:

	Six months ended	
	30/06/2023	30/06/2022
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	6,063	3,665
Depreciation of right-of-use assets	721	622
Provision for impairment losses on trade receivables	–	1,008
Provision for impairment losses on contract assets	–	141
Provision for impairment losses on other receivables and deposits	–	210
Rental expense from short-term leases	513	900
Staff costs (including directors' emoluments)	55,989	21,186

5. INCOME TAX EXPENSE/(CREDIT)

	Six months ended	
	30/06/2023	30/06/2022
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Profits Tax		
— Current income tax	–	20
The PRC Enterprise Income Tax		
— Current tax	6,205	175
Deferred tax	(454)	(408)
Income tax expense/(credit)	5,751	(213)

6. EARNINGS PER SHARE

	Six months ended	
	30/06/2023	30/06/2022
	(unaudited)	(unaudited)
Profit attributable to owners of the Company (<i>HK\$'000</i>)	16,077	7,849
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (<i>in thousand</i>)	1,056,000	1,056,000
Basic earnings per share (<i>HK cents</i>)	1.52	0.74

No diluted earnings per share is presented for both the Reporting Period and the Previous Period as there was no potential ordinary share outstanding.

7. DIVIDEND

The Board did not recommend the payment of an interim dividend for the Reporting Period (Previous Period: nil).

8. TRADE AND OTHER RECEIVABLES

	At 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
Trade receivables	501,563	230,495
Less: Provision for impairment losses on trade receivables	<u>(36,001)</u>	<u>(36,001)</u>
	<u>465,562</u>	<u>194,494</u>
Other receivables, deposits and prepayments	931,100	147,663
Less: Provision for impairment losses on other receivables and deposits	<u>(1,821)</u>	<u>(1,821)</u>
	<u>929,279</u>	<u>145,842</u>
	<u><u>1,394,841</u></u>	<u><u>340,336</u></u>

Notes:

- (a) The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The credit period granted to customers is 7 to 270 days generally.
- (b) The ageing analysis of the trade receivables based on payment certificate date/invoice date is as follows:

	At 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
0–30 days	222,637	99,220
31–60 days	177,947	43,344
61–90 days	1,478	10,242
Over 90 days	<u>99,501</u>	<u>77,689</u>
	<u><u>501,563</u></u>	<u><u>230,495</u></u>

- (c) Included in the Group's trade receivables are amounts due from related companies of nil as at 30 June 2023 (31 December 2022: approximately HK\$1,187,000), which are repayable on credit terms similar to those offered to other customers of the Group.

9. TRADE AND OTHER PAYABLES

	At 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
Trade payables	736,400	284,606
Accruals and other payables	<u>55,669</u>	<u>33,583</u>
	<u>792,069</u>	<u>318,189</u>

Notes:

- (a) Payment terms granted by suppliers are generally 7 to 270 days from the invoice date of the relevant purchases.

The ageing analysis of trade payables based on the invoice date is as follows:

	At 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
0–30 days	599,824	166,872
31–60 days	6,287	36,991
61–90 days	442	1,750
Over 90 days	<u>129,847</u>	<u>78,993</u>
	<u>736,400</u>	<u>284,606</u>

- (b) Included in the Group's other payables are amounts due to related parties of approximately HK\$2,473,000 as at 30 June 2023 (31 December 2022: approximately HK\$804,000), which are non-interest bearing and repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group considers the prospects of the PRC market promising. The Group continues to maintain a diverse range of related businesses in the PRC, such as new energy and EPC, building constructions, property development, property management services, trading of construction materials (including green building materials), F&B supply chain, provision of smart logistic and information system, and health and wellness. Satisfactory performances were recorded during the Reporting Period.

As at 30 June 2023, the Group had five main business segments, which are (i) building works and construction related business; (ii) F&B supply chain; (iii) health and wellness; (iv) smart logistic and information system; and (v) new energy and EPC. We seek to achieve synergistic value amongst the aforesaid segments in order to obtain greater business opportunities and higher returns for shareholders of the Company.

Building works and construction related business

During the Reporting Period, the revenue from the building works and construction related business segment was approximately HK\$716.8 million (Previous Period: approximately HK\$277.3 million), which accounted for approximately 43.18% (Previous Period: approximately 49.03%) of the Group's total revenue. The increase was mainly due to a growth in sales volume of photovoltaic panel materials and construction materials during the Reporting Period.

F&B supply chain

The F&B supply chain business of the Group includes provision of supply chain services of agriculture products, frozen meat and other F&B materials. During the Reporting Period, revenue from the F&B supply chain segment was approximately HK\$6.2 million (Previous Period: approximately HK\$85.5 million), which accounted for approximately 0.4% (Previous Period: approximately 15.1%) of the Group's total revenue. The decrease was mainly due to a drop in sales volume of F&B materials during the Reporting Period as the Company had expanded into, and reallocated its resources, to its new energy and EPC business segment.

Health and wellness

The health and wellness business of the Group includes provision of health and wellness services, which include provision of healthcare consulting services and supply of healthcare products, green food and beauty products. During the Reporting Period, the revenue from the health and wellness business segment was approximately HK\$263.9 million (Previous Period: approximately HK\$196.9 million), which accounted for approximately 15.9% (Previous Period: approximately 34.8%) of the Group's total revenue. The increase was mainly due to a strong growth in sales volume of green food products during the Reporting Period.

Smart logistic and information system

During the Reporting Period, the revenue from the smart logistic and information system segment was approximately HK\$1.17 million (Previous Period: HK\$0.07 million). Such increase was mainly due to a growth in revenue from industrial logistic and lighting system business.

New energy and EPC

During the Reporting Period, the Group has expanded into the business of new energy and EPC. The revenue from the new energy and EPC segment was approximately HK\$672.1 (Previous Period: nil), which account for approximately 40.49% (Previous Period: nil) of the Group's total revenue. The increase in revenue was in line with the completion of the Phase 1 construction project of 2 GW photovoltaic components, which have been put into production in full capacity during the Reporting Period.

FUTURE PLANS AND PROSPECTS

In the third quarter of 2022, the Group has begun to seek for new green energy business opportunities in order to obtain higher returns for the shareholders of the Company. The Company planned to invest in the construction of 10GW of high-efficiency N-type battery and 10GW of advanced component and to commence the production and supply business in Fengtai County. The construction is expected to be carried out in three phases: Phase I construction of the 2GW component and 2GW battery project; Phase II construction of the 3GW battery project; and Phase III construction of the 5GW battery and 8GW component project, which is expected to form a photovoltaic industry ecological chain agglomeration.

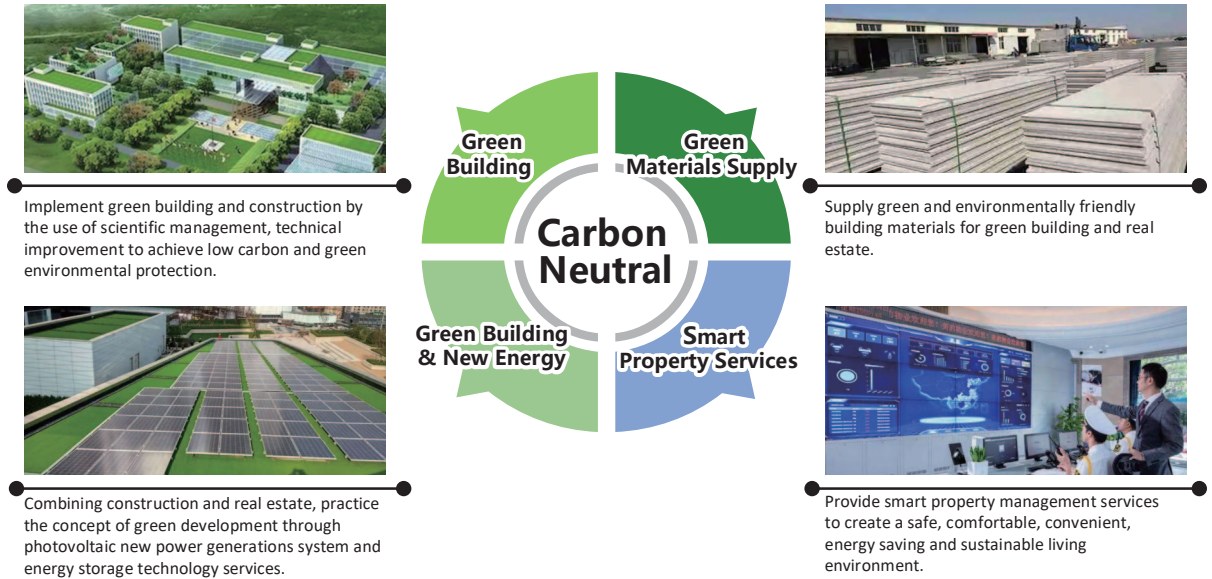
Phase I construction of the 2GW component and 2GW battery project has been completed and put into production in the fourth quarter of 2022. Phase II construction of the 2GW battery project has commenced in the first quarter of 2023 and is expected to be completed and put into production in the third quarter of 2023.

In this connection, the Group has entered into strategic cooperation agreements for joint cooperation in photovoltaic equipment supply and photovoltaic power station construction, or joint development in the fields of clean energy and integrated smart energy, technical services and supply chain (as the case may be), upon the Board's belief that such cooperation will allow the Group to leverage its experience and capabilities in the manufacturing of new energy photovoltaic products, thereby realising the green photovoltaic integrated business of the Group. For details, please refer to the announcements of the Company respectively dated 25 April 2023, 8 May 2023 and 11 May 2023. In particular, as disclosed in the announcement of the Company dated 22 May 2023 and the circular of the Company dated 25 August 2023, the Group's acquisition of equipment mainly for the purpose of setting up five production lines for photovoltaic TOPCon battery would allow the Group to tap into the photovoltaic business and diversify its business operations.

Moreover, the development of new energy and EPC business, and in particular photovoltaic business, is expected to bring synergy to the Group's other principal businesses, especially in the building works and construction related business segment, and strengthen the revenue base of the Group, which will in turn enhance return to the shareholders of the Company. In particular, the Group's strategic investment in new energy and EPC business as aforementioned is expected to bring further opportunities to and benefit the Group's building works and construction related business by enhancing the Group's expertise and market presence in green buildings and construction as one-stop solution services provider for building works that integrates green energy and facilitates sustainable living.

Based on the above, the Group will continue to strive for sustainable income and balanced growth and achieve sustainable gains for the shareholders of the Company, by leveraging its present opportunities in, particularly, the new energy and EPC business.

Please see below a summary of the Group’s strategic plan in green buildings and construction:



FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group achieved satisfactory overall operational performance and recorded approximately HK\$1,660.1 million in revenue, representing an increase of approximately 193.6% as compared with that of the Previous Period of approximately HK\$565.5 million. The improvement was primarily due to the combined effect of: (i) net increase in revenue from the building works and construction related business segment which amounted to approximately HK\$716.7 million as a result of a growth in sales volume of photovoltaic panel materials and construction materials; (ii) increased revenue from the health and wellness segment which amounted to approximately HK\$263.8 million (Previous Period: approximately HK\$196.9 million); and (iii) increased revenue from the new energy and EPC segment which amounted to approximately HK\$672.1 million (Previous Period: nil).

The following table sets forth the Group's revenue by business segment for the Reporting Period and the Previous Period:

	Six months ended	
	30/06/2023 (unaudited) HK\$'000	30/06/2022 (unaudited) HK\$'000
Revenue		
Building works and construction related business	716,774	283,075
F&B supply chain	6,183	85,469
Health and wellness	263,873	196,945
Smart logistic and information system	1,117	24
New energy and EPC	672,124	–
	<u>1,660,071</u>	<u>565,513</u>

Gross Profit and Gross Profit Margin

The gross profit of the Group for the Reporting Period amounted to approximately HK\$66.6 million, representing an increase of approximately 382.0% as compared with approximately HK\$13.8 million for the Previous Period. The Group's gross profit margin also increased from approximately 2.4% for the Previous Period to approximately 4% for the Reporting Period. The increase was mainly due to a relatively high gross profit margin in the new energy and EPC business segment.

Other Income and Net Gains

Other income and net gains mainly comprise of rental income from machineries, business consulting services and interest income from bank deposit. During the Reporting Period, other income and net gains amounted to approximately HK\$7.08 million (Previous Period: approximately HK\$18.7 million). In the Previous Period, there was an additional business consulting service income of approximately HK\$9.2 million. However, no such income was generated during the Reporting Period, resulting in a decrease in other income and net gains.

Administrative and Other Operating Expenses

The administrative and other operating expenses of the Group for the Reporting Period amounted to approximately HK\$35.8 million, representing an increase of approximately 54.3% as compared with approximately HK\$23.2 million for the Previous Period. The increase was in line with the increase in production lines for 2 GW photovoltaic components, where there were more staff costs and development costs incurred during the Reporting Period.

Income Tax Expense/(Credit)

Income tax expense increased to approximately HK\$5.8 million for the Reporting Period as compared to an income tax credit of approximately HK\$0.21 million for the Previous Period. The increase in income tax expense was in line with the increase in profit during the Reporting Period.

Profit for the Period

As a result of the aforesaid, the Group recorded a net profit for the Reporting Period of approximately HK\$24.1 million, as compared to a net profit of approximately HK\$6.4 million for the Previous Period. Such increase in net profit was mainly due to an increase in revenue and profit generated from new photovoltaic projects in Fengtai County as a result of the production of 2 GW photovoltaic components in full capacity during the Reporting Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity and capital requirements primarily through capital contributions and cash inflow generated from operating activities.

As at 30 June 2023, the Group had cash and bank balances of approximately HK\$382.1 million (31 December 2022: approximately HK\$614.0 million).

As at 30 June 2023, the share capital and equity attributable to owners of the Company amounted to approximately HK\$2.6 million and HK\$536.0 million, respectively (31 December 2022: approximately HK\$2.6 million and HK\$185.7 million, respectively).

The current ratio increased from 1.3 times as at 31 December 2022 to 2.0 times as at 30 June 2023.

GEARING RATIO

Gearing ratio is calculated as total borrowings divided by total share capital and reserves at the period-end date and expressed as a percentage. The gearing ratio of the Group was approximately 25.6% as at 30 June 2023 (31 December 2022: approximately 267.3%).

FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong and the PRC during the Reporting Period. Accordingly, all operating transactions and revenue are settled in Hong Kong dollars and Renminbi, subjecting the Group to foreign exchange risk. The Group has actively taken various measures to manage foreign exchange risk.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

Save as disclosed in this announcement, during the Reporting Period, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries or associated companies.

EMPLOYEES AND REMUNERATION POLICY

The Group had 1,249 employees (including full-time and casual employees who are paid on a daily basis) as at 30 June 2023 (30 June 2022: 470). Total staff costs including directors' emoluments for the Reporting Period, salaries, wages and other staff benefits, contributions and retirement schemes, provisions for staff long service payment and untaken paid leave amounted to approximately HK\$56.0 million (Previous Period: approximately HK\$21.2 million). The remuneration policy and package of the Group's employees are periodically reviewed. Apart from the mandatory provident fund and job training programmes, salary increment and discretionary bonuses may be awarded to employees according to the Group's operating results, individual performance and market situation.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 30 June 2023 (30 June 2022: nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2023 (30 June 2021: nil).

USE OF PROCEEDS FROM THE LISTING

On 8 July 2021, the Board resolved to change the use of the remaining unutilised net proceeds (the “**Net Proceeds**”) from the initial public offering. For details of such change, please refer to the announcement of the Company dated 8 July 2021 (the “**Announcement on the Revised Uses of the Net Proceeds**”).

The table below sets out the use of the Net Proceeds and the unutilised amount as at 30 June 2023:

	Original use of the Net Proceeds <i>HK\$'000</i> <i>(approximately)</i>	Revised use of the Net Proceeds <i>HK\$'000</i> <i>(approximately)</i>	Actual use of the Net Proceeds as at 30 June 2023 <i>HK\$'000</i> <i>(approximately)</i>	Unutilised amount as at 30 June 2023 <i>HK\$'000</i> <i>(approximately)</i>
Use of Net Proceeds:				
Hiring of additional staff	11,600	11,600	11,600	–
Acquisition of additional machinery and equipment	54,900	43,900	43,900	–
General working capital	7,000	18,000	18,000	–
Total	<u>73,500</u>	<u>73,500</u>	<u>73,500</u>	<u>–</u>

As at 30 June 2023, the Net Proceeds have been fully utilised according to the intended uses as set out in the Announcement on the Revised Uses of the Net Proceeds.

INTERIM DIVIDEND FOR THE SIX MONTHS ENDED 30 JUNE 2023

The Board did not recommend the payment of an interim dividend for the Reporting Period (Previous Period: nil).

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the circular of the Company dated 25 August 2023, there had been no significant event after the Reporting Period and up to the date of this announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company had applied the principles and all applicable code provisions (the “**Code Provisions**”) set out under the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) during the Reporting Period. The Directors will periodically review the Company’s corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the Code Provisions from time to time.

During the Reporting Period, the Company had complied with all the applicable Code Provisions of the CG Code, except for Code Provision C.2.1 of the CG Code as set out below:

Mr. Yu Zhuyun was appointed as the chief executive officer of the Company (the “**CEO**”) with effect from 30 April 2020, and is currently serving as both the chairman of the Board (the “**Chairman**”) and the CEO. Such practice deviates from Code Provision C.2.1 of the CG Code. The Board believes that vesting the roles of both the Chairman and the CEO in the same person can facilitate the execution of the Group’s business strategies and enhance its operational efficiency. The Board is currently comprised of two executive Directors, two non-executive Directors and three independent non-executive Directors, which is appropriately structured to ensure that there is a balance of power to provide sufficient checks to protect the interests of the shareholders of the Company. Therefore, the Board considers that the deviation from Code Provision C.2.1 of the CG Code is appropriate in such circumstance.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Listing Rules as the Company’s code of conduct for Directors’ securities transactions. In response to specific enquires by the Company, all Directors have confirmed that they have fully complied with the requirements set out in the Model Code during the Reporting Period.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the sole shareholder of the Company on 13 March 2018, the Company adopted a share option scheme (the “**Share Option Scheme**”) with effect from 13 March 2018. The terms of the Share Option Scheme are summarised in Appendix IV to the prospectus of the Company dated 19 March 2018. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of the Group and to promote the business of the Group. As at the date of this announcement, the total number of Shares available for issue under the Share Option Scheme was 105,600,000 Shares, representing 10% of the entire issued share capital of the Company. No share option has been granted, exercised, cancelled or lapsed since its effective date and up to 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

No purchase, sale or redemption of the Company’s listed securities was made by the Company or any of its subsidiaries during the Reporting Period.

COMPETING INTERESTS

The Directors confirm that none of the controlling shareholders of the Company or the Directors and their respective close associates (as defined in the Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group’s business during the Reporting Period, and that is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules during the Reporting Period.

AUDIT COMMITTEE

The Company established the audit committee (the “**Audit Committee**”) on 13 March 2018 in accordance with Rule 3.21 of the Listing Rules, with the written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules.

The Audit Committee consists of a non-executive Director, namely Mr. Qiao Xiaoge, and two independent non-executive Directors, namely Mr. Wang Wenxing and Dr. Li David Xianglin. Mr. Wang Wenxing currently serves as the chairperson of the Audit Committee.

The primary responsibilities of the Audit Committee include: (i) to make recommendations to the Board on the appointment, reappointment and removal of external auditors; (ii) to review and monitor the external auditors’ independence and objectivity; (iii) to review the effectiveness of the Company’s internal audit activities, internal controls and risk management systems; (iv) to develop and implement policies on engaging external auditor to supply non-audit services, and to review and monitor the extent of the non-audit works undertaken by external auditors; and (v) to monitor the integrity of the financial statements, annual reports, accounts and half-year reports and to review significant financial reporting judgments contained in them.

REVIEW OF INTERIM FINANCIAL RESULTS

The interim financial results of the Group for the Reporting Period are unaudited but have been reviewed and approved by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made in this announcement.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is available for viewing on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chghk.com). The interim report of the Company for the Reporting Period containing all information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Central New Energy Holding Group Limited
Yu Zhuyun
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 25 August 2023

As at the date of this announcement, the executive Directors are Mr. Yu Zhuyun (Chairman and Chief Executive Officer) and Mr. Li Menglin; the non-executive Directors are Mr. Qiao Xiaoge and Ms. Zhu Yujuan; and the independent non-executive Directors are Dr. Li David Xianglin, Mr. Wang Wenxing and Dr. Zhou Chunsheng.