

Central New Energy Holding Group Limited 中環新能源控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(formerly known as Central Holding Group Co. Ltd.)

Stock Code : 1735



2023
INTERIM REPORT

CONTENTS

Corporate Information	2
Management Discussion and Analysis	4
Condensed Consolidated Interim Financial Statements	13–19
— Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	13
— Condensed Consolidated Interim Statement of Financial Position	15
— Condensed Consolidated Interim Statement of Changes in Equity	18
— Condensed Consolidated Interim Statement of Cash Flows	19
— Notes to the Condensed Consolidated Interim Financial Statements	20
Corporate Governance and Other Information	40



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Yu Zhuyun
(Chairman and Chief Executive Officer)
Mr. Li Menglin

Non-executive Directors

Mr. Qiao Xiaoge
Ms. Zhu Yujuan

Independent non-executive Directors

Dr. Li David Xianglin
Mr. Wang Wenxing
Dr. Zhou Chunsheng

AUDIT COMMITTEE

Mr. Wang Wenxing *(Chairperson)*
Mr. Qiao Xiaoge
Dr. Li David Xianglin

REMUNERATION COMMITTEE

Dr. Li David Xianglin *(Chairperson)*
Ms. Zhu Yujuan
Dr. Zhou Chunsheng

NOMINATION COMMITTEE

Mr. Yu Zhuyun *(Chairperson)*
Mr. Wang Wenxing
Dr. Zhou Chunsheng

SENIOR MANAGEMENT

Mr. Yu Zhuyun *(Chief Executive Officer)*
Mr. Che Kean Tat *(Vice President and
Chief Financial Officer)*
Mr. Qin Ning
(Chief Legal and Operating Officer)

COMPANY SECRETARY

Mr. Tung Tat Chiu, Michael
(appointed on 3 May 2023)
Mr. Lam Ka Tsun
(resigned on 3 May 2023)

AUTHORISED REPRESENTATIVES

Mr. Yu Zhuyun
Mr. Tung Tat Chiu, Michael
(appointed on 3 May 2023)
Mr. Lam Ka Tsun
(resigned on 3 May 2023)

REGISTERED OFFICE IN CAYMAN ISLANDS

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2102-03 & 10-12
21/F, K. Wah Centre
191 Java Road
North Point
Hong Kong

CORPORATE INFORMATION

LEGAL ADVISER AS TO HONG KONG LAW

Tung & Co.
Office 1601, 16/F, LHT Tower
31 Queen's Road Central
Central
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F
148 Electric Road
North Point
Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31st Floor, Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
The Bank of China (Hong Kong) Limited
Industrial and Commercial Bank
of China (Asia) Limited

COMPANY WEBSITE

www.centralenergy.cn

STOCK CODE

1735

MANAGEMENT DISCUSSION AND ANALYSIS

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**”).

BUSINESS REVIEW

The Group considers the prospects of the People’s Republic of China (“**PRC**”) market promising. The Group continues to maintain a diverse range of related businesses in the PRC, such as new energy and engineering, procurement, and construction (“**EPC**”), building constructions, property development, property management services, trading of construction materials (including green building materials), food and beverage (“**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\$283.1 million), which accounted for approximately 43.18% (Previous Period: approximately 50.06%) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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\$1.12 million (Previous Period: approximately HK\$0.02 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 million (Previous Period: nil), which accounted 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 2GW 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

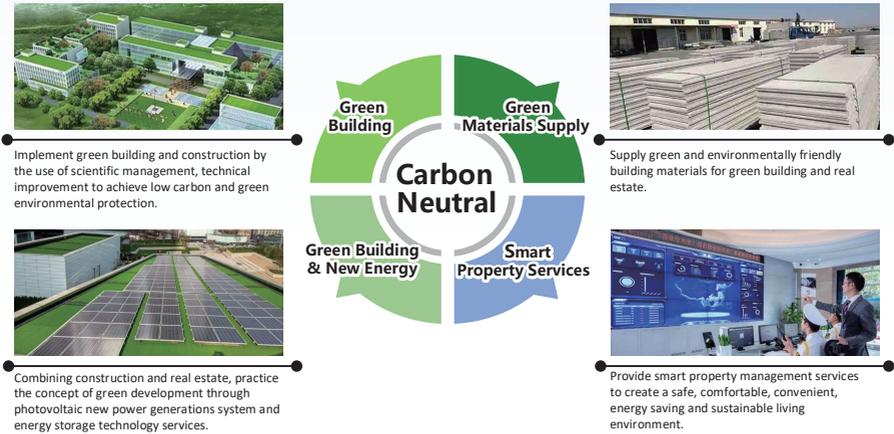
In this connection, the Group has entered into strategic cooperation agreements for joint cooperation in photovoltaic equipment supply and photovoltaic power station construction, or joint development in the fields of clean energy and integrated smart energy, technical services and supply chain (as the 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 integrate green energy and facilitate sustainable living.

MANAGEMENT DISCUSSION AND ANALYSIS

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:



MANAGEMENT DISCUSSION AND ANALYSIS

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 (Previous Period: approximately HK\$283.1 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	–
	1,660,071	565,513

MANAGEMENT DISCUSSION AND ANALYSIS

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 2GW 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2GW 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).

As at 30 June 2023, the Group's borrowings amounted to approximately HK\$329.1 million (31 December 2022: approximately HK\$499.7 million).

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.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

Save as disclosed in this report and the announcement of the Company dated 29 May 2023 in relation to the deemed disposal of 46.67% equity interest in a subsidiary, namely, Zhonghuan Zhongqing (Anhui) New Energy Photovoltaic Technology Co., Ltd.* (中環中清(安徽)新能源光伏科技有限公司), during the Reporting Period, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries or associates.

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 (31 December 2022: nil).

CHARGE ON THE GROUP'S ASSETS

Investment properties, properties available for sale and certain assets included in "property, plant and equipment" of the Group with an aggregate carrying amount of approximately HK\$408,500,000 were charged as security for certain of the Group's bank borrowings as at 30 June 2023 (31 December 2022: nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2023 (31 December 2022: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, the Group did not have other plans for material investments and capital assets as at 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

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 HK\$'000 (approximately)	Revised use of the Net Proceeds HK\$'000 (approximately)	Actual use of the Net Proceeds as at 30 June 2023 HK\$'000 (approximately)	Unutilised amount as at 30 June 2023 HK\$'000 (approximately)
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	73,500	73,500	73,500	–

As at 30 June 2023, the Net Proceeds had 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 report.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended	
		30/06/2023 (unaudited) HK\$'000	30/06/2022 (unaudited) HK\$'000
Revenue	5	1,660,071	565,513
Direct costs		(1,593,501)	(551,701)
Gross profit		66,570	13,812
Other income and net gains	5	7,084	18,699
Administrative and other operating expenses		(35,779)	(23,185)
Finance costs		(8,005)	(3,147)
Profit before income tax	6	29,870	6,179
Income tax (expense)/credit	7	(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)

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	At 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	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	11	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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	At 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
EQUITY			
Capital and reserves			
Share capital	12	2,640	2,640
Reserves		536,064	185,652
Equity attributable to owners of the Company		538,704	188,292
Non-controlling interests		757,405	(119)
Total equity		1,296,109	188,173
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	14	206,280	–
Deferred tax liabilities		6,998	7,705
		232,039	407,334

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	At 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
Current liabilities			
Contract liabilities		17,948	65,736
Trade and other payables	13	792,069	318,189
Lease liabilities		1,558	1,380
Borrowings	14	122,800	499,728
Tax payables		6,893	10,498
		941,268	895,531
Total liabilities		1,173,307	1,302,865
Total equity and liabilities		2,469,416	1,491,038
Net current assets		1,060,473	274,175
Total assets less current liabilities		1,528,148	595,507

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to owners of the Company							Non-controlling interest	Total
	Share capital	Share premium	Merger surplus	Contributed surplus	Translation reserve	Retained earnings	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 12)								
Balance as at 1 January 2022 (audited)	2,640	88,276	11,010	-	8,194	119,928	230,048	1,166	231,214
Profit for the period	-	-	-	-	-	7,849	7,849	(1,457)	6,392
Other comprehensive income/(expense):									
Exchange differences arising on translation of foreign operations	-	-	-	-	(7,564)	-	(7,564)	476	(7,088)
Reclassification of cumulative translation reserve upon disposal of foreign operations	-	-	-	-	173	-	173	-	173
Total comprehensive income/(expense) for the year	-	-	-	-	(7,391)	7,849	458	(981)	(523)
Disposal of subsidiaries	-	-	-	-	-	-	-	(258)	(258)
Capital contributions from non-controlling interest	-	-	-	-	-	-	-	576	576
Balance as at 30 June 2022 (unaudited)	2,640	88,276	11,010	-	803	127,777	230,506	503	231,009
Balance as at 1 January 2023 (audited)	2,640	88,276	11,010	-	(5,719)	92,085	188,292	(119)	188,173
Profit for the period	-	-	-	-	-	16,077	16,077	8,042	24,119
Other comprehensive income/(expense):									
Exchange differences arising on translation of foreign operations	-	-	-	-	(17,546)	-	(17,546)	(926)	(18,472)
Reclassification of cumulative translation reserve upon disposal of foreign operations	-	-	-	-	(911)	-	(911)	-	(911)
Deemed contribution from a shareholder from extinguished loans	-	-	-	352,792	-	-	352,792	-	352,792
Total comprehensive income/(expense) for the year	-	-	-	352,792	(18,457)	16,077	350,412	7,116	357,528
Disposal of subsidiaries	-	-	-	-	-	-	-	(5,592)	(5,592)
Capital contributions from non-controlling interest	-	-	-	-	-	-	-	756,000	756,000
Balance as at 30 June 2023 (unaudited)	2,640	88,276	11,010	352,792	(24,176)	108,162	538,704	757,405	1,296,109

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended	
	30 June 2023 (unaudited) HK\$'000	30 June 2022 (unaudited) HK\$'000
Net cash (used in)/generated from operating activities	(609,575)	103,181
Net cash used in investing activities	(173,092)	(477)
Net cash generated from/(used in) financing activities	590,514	(103,904)
Net decrease in cash and cash equivalents	(192,153)	(1,200)
Cash and cash equivalents at beginning of the period	613,996	50,373
Effects of foreign exchange rate changes	(39,691)	4,185
Cash and cash equivalents at end of the period	382,152	53,358
Analysis of balances of cash and cash equivalents		
Cash and bank balances	382,152	53,358

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

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, an executive director and 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities are exposed to a variety of financial risks: interest rate risk, credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures that are required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022.

There have been no changes in the risk management policies since period end.

3.2 Liquidity risk

Compared to the period end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

3.3 Fair value estimation

Some of the Group's financial assets are measured at fair value as at 30 June 2023. The fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The following table presents the Group's financial assets that are measured at fair value at 30 June:

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30/06/2023 (unaudited) HK\$'000	31/12/2022 (audited) HK\$'000			
Listed equity securities classified as financial assets at fair value through profit or loss	796	796	Level 1	Quoted bid prices in an active market	N/A

There were no transfers between the different levels of the fair value hierarchy during the six months ended 30 June 2023 and the year ended 31 December 2022.

The directors of the Company consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated interim financial statements approximate their fair values.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial statements, the critical accounting estimates and judgements applied are consistent with those described in the annual consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

5. REVENUE, OTHER INCOME AND NET GAINS AND SEGMENT INFORMATION

Revenue, other income and net gains 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	711,465	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	–
Revenue from contracts with customers	1,654,762	559,725
Rental income	5,309	5,788
	1,660,071	565,513
Other income and net gains		
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
	7,084	18,699

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

5. REVENUE, OTHER INCOME AND NET GAINS AND SEGMENT INFORMATION (Continued)

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 were in respect of Covid-19-related subsidies and related to the Employment Support Scheme provided by the Hong Kong government, and the grants were recognised when the required employment conditions were fulfilled.

Disaggregation of revenue from contracts with customers

	Six months ended	
	30/06/2023 (unaudited) HK\$'000	30/06/2022 (unaudited) HK\$'000
Timing of revenue recognition		
Over time	288,024	104,090
A point in time	1,366,738	455,635
	1,654,762	559,725
Types of services or goods		
Foundation works and superstructure building works	268,942	80,685
Sale of properties	3,629	6,027
Property management services	19,082	23,405
Trading of construction materials	419,812	167,170
Sales of healthcare products and healthy food	263,873	196,945
Sales of agriculture products, food and beverage materials	6,183	85,469
Manufacturing and sales of photovoltaic products and EPC	672,124	–
Smart logistics and information system	1,117	24
	1,654,762	559,725

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

5. REVENUE, OTHER INCOME AND NET GAINS AND SEGMENT INFORMATION (Continued)

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

5. REVENUE, OTHER INCOME AND NET GAINS AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

5. REVENUE, OTHER INCOME AND NET GAINS AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2022

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

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

5. REVENUE, OTHER INCOME AND NET GAINS AND SEGMENT INFORMATION (Continued)

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	1,778,220	564,888
Total segment assets	2,392,204	1,334,055
Unallocated corporate assets	77,212	156,983
Consolidated total assets	2,469,416	1,491,038
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	843,273	456,771
Total segment liabilities	1,166,152	946,460
Unallocated corporate liabilities	7,155	356,405
Consolidated total liabilities	1,173,307	1,302,865

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

5. REVENUE, OTHER INCOME AND NET GAINS AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

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.

Geographical information

The Group's operations are located in both Hong Kong and the PRC.

The following is an analysis of the Group's revenue from external customers based on geographical location of the customers:

	Six months ended	
	30/06/2023 (unaudited) HK\$'000	30/06/2022 (unaudited) HK\$'000
Hong Kong	81,274	47,665
The PRC	1,578,797	517,848
	1,660,071	565,513

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

6. PROFIT BEFORE INCOME TAX

Profit before taxation has been arrived at after charging:

	Six months ended	
	30/06/2023 (unaudited) HK\$'000	30/06/2022 (unaudited) HK\$'000
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

7. INCOME TAX EXPENSE/(CREDIT)

	Six months ended	
	30/06/2023 (unaudited) HK\$'000	30/06/2022 (unaudited) HK\$'000
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)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

8. EARNINGS PER SHARE

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

9. DIVIDEND

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

10. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group incurred expenditure on additions to property, plant and equipment of approximately HK\$165,929,000 (31 December 2022: approximately HK\$78,445,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

11. 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	(36,001)	(36,001)
	465,562	194,494
Other receivables, deposits and prepayments	931,100	147,663
Less: Provision for impairment losses on other receivables and deposits	(1,821)	(1,821)
	929,279	145,842
	1,394,841	340,336

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

11. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

- (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	99,501	77,689
	501,563	230,495

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

12. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.0025 each		
Authorised:		
At 31 December 2022 (audited), 1 January 2023 and 30 June 2023 (unaudited)	20,000,000	50,000
Issued and fully paid:		
At 31 December 2022 (audited), 1 January 2023 and 30 June 2023 (unaudited)	1,056,000	2,640

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

13. 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	55,669	33,583
	792,069	318,189

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	129,847	78,993
	736,400	284,606

- (b) Included in the Group's other payables were 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

14. BORROWINGS

	At 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
Bank borrowings — secured	271,080	4,690
Other borrowings — secured	–	71,538
Other borrowings — unsecured	58,000	423,500
	329,080	499,728
The carrying amounts of the above borrowings are repayable:		
Within one year	122,800	499,728
Within a period of more than five years	206,280	–
	329,080	499,728
Less: Amount due for settlement within 12 months shown under current liabilities	(122,800)	(499,728)
Amount due for settlement after 12 months shown under non-current liabilities	206,280	–

The effective interest rates of the bank borrowings as at 30 June 2023 ranged from 5.2% to 6.9% (31 December 2022: 3.3%) per annum.

As at 30 June 2023, certain banking facilities of the Group were secured by corporate guarantees issued by the Company and personal guarantee provided by Mr. Yu Zhuyun, an executive director and the controlling shareholder of the Company. As at 30 June 2023, investment properties, properties available for sale and certain assets included in the “property, plant and equipment” of the Group with an aggregate carrying amount of approximately HK\$408,500,000 (31 December 2022: nil) were pledged as security for certain of the Group’s bank borrowings.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

14. BORROWINGS (Continued)

As at 31 December 2022, other borrowings in the amount of approximately HK\$71,538,000 (30 June 2023: nil) were secured by certain trade receivables and bore interest at 9.3% per annum.

As at 30 June 2023, other borrowings in the amount of approximately HK\$58,000,000 (31 December 2022: HK\$28,000,000) were unsecured and bore interest at 5% (31 December 2022: 5%) per annum.

As at 31 December 2022, other borrowings in the amount of approximately HK\$395,500,000 were unsecured and non-interest bearing.

Borrowings that were denominated in currency other than the functional currency of the relevant group entities are set out below:

	At 30 June 2023 (unaudited) HK\$'000	At 31 December 2022 (audited) HK\$'000
RMB	271,080	471,728

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

15. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

Save as disclosed in Notes 11 and 13 to the condensed consolidated interim financial statements, the Group had the following significant related party transactions during the periods:

(a) Transactions with related party

Name of related party	Nature of transaction	Six months ended	
		30/06/2023 (unaudited) HK\$'000	30/06/2022 (unaudited) HK\$'000
Grand Faith International Investment Limited (Notes (i) and (ii))	Rental expense from short-term leases	-	550
	Management fee	-	3
Linquan Zhongzhihuan Property Development Limited* (臨泉中之環置業有限公司) (Note (i))	Revenue from foundation works and superstructure building works	-	29,653

* For identification only

Notes:

- (i) The companies were controlled by Mr. Yu Zhuyun, an executive director and the controlling shareholder of the Company.
- (ii) The management fee and rental expenses for premise payable to the above related party are based on the agreements entered into between the parties involved.

(b) The compensation to key management personnel during the Reporting Period was approximately HK\$1,059,000 (Previous Period: approximately HK\$1,068,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

16. EVENTS AFTER THE REPORTING PERIOD

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO, or which were required to be recorded in the register required to be maintained by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follow:

(a) Long positions in the Shares

Name of Director	Capacity/ Nature of Interest	Number of shares of the Company ("Shares") held/ interested in	Approximate percentage of interest in the Company
Mr. Yu Zhuyun	Interest in a controlled corporation (<i>Note</i>)	722,594,580	68.43%
Ms. Zhu Yujuan	Beneficial owner	120,000	0.01%
Mr. Li Menglin	Beneficial owner	80,000	0.01%

Note: Mr. Yu Zhuyun holds the entire issued share capital in Central Culture Resource Group Limited ("**Central Culture**") and Central Culture directly holds approximately 68.43% of the total number of issued Shares. Therefore, Mr. Yu Zhuyun is taken to be interested in the number of Shares held by Central Culture pursuant to Part XV of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS (Continued)

(b) Long positions in the ordinary shares of associated corporations of the Company

Name of Director	Name of associated corporation	Capacity/Nature of interest	Number of shares held/ interested in	Percentage of issued share capital
Mr. Yu Zhuyun	Central Culture	Beneficial owner	50,000	100%

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or the Model Code, or which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, so far as is known to the Directors, the following persons or corporations (other than the Directors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be maintained by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares held/ interested in <i>(Note)</i>	Approximate percentage of interest in the Company
Central Culture	Beneficial owner	722,594,580 (L)	68.43%

Note: "L" denotes long position and "S" denotes short position.

Save as disclosed above, as at 30 June 2023, the Directors were not aware of any person or corporation (other than the Directors and chief executive of the Company) who had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be maintained by the Company pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 report, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

CHANGE IN DIRECTORS' INFORMATION

There is no change in Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the Company's annual report for the year ended 31 December 2022 on 28 April 2023.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 report.

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