

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)

Stock Code : 1735

An isometric illustration of a cityscape composed of various 3D rectangular blocks of different heights and widths, representing buildings. The blocks are arranged on a grid-like base with a halftone dot pattern. The color palette is a range of light to medium blues. Some blocks have small circular elements on top, possibly representing windows or antennas. The perspective is from an elevated angle, looking down and across the city.

2024
Interim Report

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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. Li Bei *(Vice President)*
Ms. Hu Longzhi *(Chief Financial Officer)*

COMPANY SECRETARY

Mr. Tung Tat Chiu, Michael

AUTHORISED REPRESENTATIVES

Mr. Yu Zhuyun
Mr. Tung Tat Chiu, Michael

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 (“**Director(s)**”) 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 2024 (the “**Reporting Period**”) together with the comparative figures for the six months ended 30 June 2023 (the “**Previous Period**”).

BUSINESS REVIEW

The Group continues to seek new green energy business opportunities, and to develop its high-efficiency N-type battery and advanced photovoltaic component supply business in Fengtai County and Tongcheng City. Phase III construction of the 6GW battery in Fengtai County is expected to be completed and put into production in the fourth quarter of 2024.

The Group seeks to seize the green building and new green energy business opportunities in order to obtain higher returns for the shareholders of the Company (“**Shareholder(s)**”). The Group is also committed to respond to the national policies with the concept of carbon neutrality by further implementing green building and construction through use of scientific management and technical improvement to achieve low carbon and green environmental protection. The Group is devoted to combine its existing building and construction related business to practise the concept of green development through photovoltaic new power generation system and energy storage technology to create an energy-saving and sustainable living environment.

The Group had gradually expanded the business of new energy and engineering, procurement and construction (“**EPC**”). Satisfactory performance was recorded since 2023.

As at 30 June 2024, the Group had five main business segments, which were (i) new energy and EPC; (ii) green building and construction related business; (iii) smart energy management service; (iv) health and wellness; and (v) food and beverage (“**F&B**”) supply chain. The Group seeks to achieve synergistic value amongst the aforesaid segments in order to obtain higher returns and greater opportunities for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

New energy and EPC

During the Reporting Period, the revenue from the new energy and EPC segment was approximately HK\$1,681.4 million (Previous Period: approximately HK\$672.1 million), which accounted for approximately 66.4% (Previous Period: approximately 40.5%) of the Group's total revenue. The increase in revenue was in line with the completion of the phase II construction project of high-efficiency N-type battery during the Reporting Period.

Green building and construction related business

During the Reporting Period, the revenue from the green building and construction related business segment was approximately HK\$409.2 million (Previous Period: approximately HK\$716.8 million), which accounted for approximately 16.2% (Previous Period: approximately 43.2%) of the Group's total revenue. The decrease was in line with the Group's business strategy to put more resources in the new energy and EPC segment during the Reporting Period.

Smart energy management services

During the Reporting Period, the revenue from the smart energy management services segment was approximately HK\$36.5 million (Previous Period: approximately HK\$1.1 million). The increase was mainly due to a growth in revenue from smart energy management services business, which was also consistent with the Group's new energy business strategy.

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\$399.7 million (Previous Period: approximately HK\$263.9 million), which accounted for approximately 15.8% (Previous Period: approximately 15.9%) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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, the revenue from the F&B supply chain segment was approximately HK\$5.1 million (Previous Period: approximately HK\$6.2 million). The decrease was consistent with the Group's business strategy to put more resources in the new energy and EPC segment during the Reporting Period.

FUTURE PLANS AND PROSPECTS

The Group will continue to seek new green energy business opportunities, and to develop its high-efficiency N-type battery and advanced photovoltaic component supply business in Fengtai County and Tongcheng City. Phase III construction of the 6GW battery in Fengtai County is expected to be completed and put into production in the fourth quarter of 2024.

In this connection, the Group has entered into certain framework agreements for cooperation in project development, investment, construction, operation and maintenance in the field of new energy, upon the Board's belief that such cooperation will allow the Group to leverage its experience and capabilities in development and operation of new energy projects, thereby realising the green energy business of the Group. For details, please refer to the announcements of the Company dated 10 January 2024, 20 May 2024, 25 May 2024 and 14 June 2024. Further, as disclosed in its announcements dated 28 June 2024 and 12 July 2024, the Group's leasing of equipment mainly for the production of photovoltaic battery would facilitate its business in manufacturing and sales of photovoltaic battery, thereby expanding its photovoltaic business and strengthening its revenue base, financial performance and enhancing return to the Shareholders in the long term.

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, by leveraging its present opportunities in, particularly, the new energy and EPC business.

The following is a summary of the Group's synergic strategic plan in new energy business among its business segments:



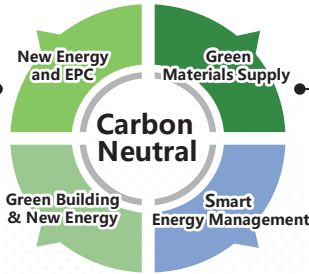
Manufacturing and sales of photovoltaic products and EPC.



Supply green and environmentally friendly building materials for green building and real estate.



Combining construction and real estate, practice the concept of green development through photovoltaic new power generation system and energy storage technology services.



Provide smart energy management services to create an energy-saving and sustainable living environment.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group achieved satisfactory overall operational performance and recorded approximately HK\$2,531.9 million in revenue, representing an increase of approximately 52.5% as compared with that of the Previous Period of approximately HK\$1,660.1 million. The improvement was primarily due to the combined effect of: (i) the increased revenue from the new energy and EPC segment which amounted to approximately HK\$1,681.4 million (Previous Period: approximately HK\$672.1 million) as a result of a growth in sales volume of photovoltaic components and high efficiency N-type battery; (ii) the increased revenue from the health and wellness segment which amounted to approximately HK\$399.7 million (Previous Period: approximately HK\$263.8 million); and (iii) the increased revenue from the smart energy management services segment which amounted to approximately HK\$36.5 million (Previous Period: approximately HK\$1.1 million).

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

	Six months ended	
	30/06/2024 (unaudited) HK\$'000	30/06/2023 (unaudited) HK\$'000
Revenue		
New energy and EPC	1,681,392	672,124
Green building and construction related business	409,236	716,774
Smart energy management services	36,548	1,117
Health and wellness	399,657	263,873
F&B supply chain	5,056	6,183
	2,531,889	1,660,071

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

The gross profit of the Group for the Reporting Period amounted to approximately HK\$43.2 million, representing a decrease of approximately 35.1% as compared with approximately HK\$66.6 million for the Previous Period. The Group's gross profit margin also decreased from approximately 4% for the Previous Period to approximately 1.7% for the Reporting Period. The decrease was mainly due to a relatively lower gross profit margin in the new energy and EPC business segment.

Other Income and Net Gains

Other income and net gains of the Group increased to approximately HK\$144.4 million for the Reporting Period as compared to approximately HK\$7.1 million for the Previous Period. The increase in other income and net gains was mainly due to increase in gains from disposal of subsidiaries, government grant and interest income from bank deposits.

Administrative and Other Operating Expenses

The administrative and other operating expenses of the Group for the Reporting Period amounted to approximately HK\$88.5 million, representing an increase of approximately 147.2% as compared with approximately HK\$35.8 million for the Previous Period. The increase was in line with the increase in production lines for 6GW photovoltaic N-type battery, where more development costs were incurred during the Reporting Period.

Income Tax Expense

Income tax expense of the Group increased to approximately HK\$15.1 million for the Reporting Period as compared to an income tax expense of approximately HK\$5.8 million for the Previous Period. The increase in income tax expense was line with the increase in profit during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the Reporting Period

As a result of the aforesaid, the Group recorded a net profit for the Reporting Period of approximately HK\$60.1 million, as compared to a net profit of approximately HK\$24.1 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 6GW photovoltaic N-type battery 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 2024, the Group had cash and bank balances of approximately HK\$339.9 million (31 December 2023: approximately HK\$137.4 million).

As at 30 June 2024, the share capital and equity attributable to owners of the Company amounted to approximately HK\$2.6 million and HK\$830.5million, respectively (31 December 2023: approximately HK\$2.6 million and HK\$847.9 million, respectively).

The current ratio decreased from approximately 1.1 times as at 31 December 2023 to approximately 1.01 times as at 30 June 2024.

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 126.27% as at 30 June 2024 (31 December 2023: approximately 85.66%).

FOREIGN EXCHANGE RISK

The Group mainly operated in Hong Kong and the People's Republic of China (the "PRC") during the Reporting Period. Accordingly, all operating transactions and revenue were 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, during the Reporting Period, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries, associates or joint ventures.

EMPLOYEES AND REMUNERATION POLICY

The Group had 1,165 employees (including full-time and casual employees who are paid on a daily basis) as at 30 June 2024 (30 June 2023: 1,249). Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes, provisions for staff long service payment and untaken paid leave for the Reporting Period amounted to approximately HK\$50.7 million (Previous Period: approximately HK\$56.0 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 upon approval by the Board according to the Group's operating results, individual performance and market situation.

CAPITAL COMMITMENTS

The Group had capital commitments for an acquisition of property, plant and equipment and new lease amounted to approximately HK\$55.9 million and HK\$10.2 million respectively as at 30 June 2024 (31 December 2023: approximately HK\$418.1 million and nil respectively).

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\$921,308,000 were charged as security for certain of the Group's bank borrowings as at 30 June 2024 (31 December 2023: approximately HK\$1,065,155,000).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2024 (30 June 2023: 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 2024.

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 of the Company. 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 2024:

	Original use of the Net Proceeds	Revised use of the Net Proceeds	Actual use of the Net Proceeds as at 30 June 2024	Unutilised amount as at 30 June 2024
	HK\$'000 (approximately)	HK\$'000 (approximately)	HK\$'000 (approximately)	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	–

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2024, 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 REPORTING PERIOD

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

EVENTS AFTER THE REPORTING PERIOD

On 12 July 2024 (after trading hours), in addition to the equipment lease agreements as disclosed in the announcement of the Company dated 28 June 2024, Central (Tongcheng) New Energy Technology Co., Ltd.* (中環(桐城)新能源科技有限公司) (the “**Lessee**”), an indirect wholly-owned subsidiary of the Company, entered into an equipment lease agreement with Tongcheng Tianzheng New Energy Co., Ltd.* (桐城市天正新能源有限公司) (the “**Lessor**”), pursuant to which the Lessor agreed to lease certain equipment mainly for the production of photovoltaic battery to the Lessee.

For details, please refer to the announcements of the Company dated 28 June 2024 and 12 July 2024.

Save as disclosed above, there had been no significant event since the end of 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 2024

	Notes	Six months ended	
		30/06/2024 HK\$'000 (unaudited)	30/06/2023 HK\$'000 (unaudited)
Revenue	5	2,531,889	1,660,071
Direct costs		(2,488,688)	(1,593,501)
Gross profit		43,201	66,570
Other income and net gains	5	144,414	7,084
Selling expenses		(7,291)	(1,390)
Administrative and other operating expenses		(81,235)	(34,389)
Finance costs		(23,961)	(8,005)
Profit before income tax	6	75,128	29,870
Income tax expense	7	(15,071)	(5,751)
Profit for the period		60,057	24,119
Other comprehensive expenses <i>Items that may be reclassified subsequently to profit or loss:</i>			
— Exchange differences arising on translation of foreign operations		(44,468)	(18,472)
— Reclassification of cumulative translation reserve upon disposal of foreign operations		(431)	(911)
Other comprehensive expenses for the period, net of tax		(44,899)	(19,383)
Total comprehensive income for the period attributable to owners of the Company		15,158	4,736

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended	
		30/06/2024 HK\$'000 (unaudited)	30/06/2023 HK\$'000 (unaudited)
Profit for the period attributable to:			
Owners of the Company		40,619	16,077
Non-controlling interests		19,438	8,042
		60,057	24,119
Total comprehensive income for the period attributable to:			
Owners of the Company		(17,433)	3,210
Non-controlling interests		32,591	1,526
		15,158	4,736
Earnings per share attributable to owners of the Company		HK Cents	HK Cents (restated)
— Basic and diluted earnings per share	8	0.96	0.38

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	1,363,309	823,590
Right-of-use assets		961	1,683
Investment properties		253,381	222,310
Intangible assets		2,812	2,989
Deposit paid for acquisition of property, plant and equipment		–	330,996
Deposit and prepayment for life insurance policy		3,415	3,374
Deferred tax assets		12,236	32
		1,636,114	1,384,974
Current assets			
Financial assets at fair value through profit or loss		–	8
Properties available for sale		35,552	36,200
Contract assets		91,937	92,705
Trade and other receivables	11	1,207,389	1,229,460
Inventories		413,857	209,772
Tax recoverable		561	634
Pledged bank deposits		632,783	405,159
Cash and bank balances		339,898	137,372
		2,721,977	2,111,310
Total assets		4,358,091	3,496,284

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
EQUITY			
Capital and reserves			
Share capital	12	2,640	2,640
Reserves		830,457	847,890
Equity attributable to owners of the Company		833,097	850,530
Non-controlling interests		493,296	460,705
Total equity		1,326,393	1,311,235
LIABILITIES			
Non-current liabilities			
Lease liabilities		47	275
Liabilities for long service payments		1,104	1,104
Borrowings	14	332,372	288,156
Deferred tax liabilities		5,426	7,185
		338,949	296,720

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Current liabilities			
Contract liabilities		51,486	65,269
Trade and other payables	13	1,247,338	967,744
Lease liabilities		1,563	1,601
Borrowings	14	1,340,913	833,149
Tax payables		51,449	20,566
		2,692,749	1,888,329
Total liabilities		3,031,698	2,185,049
Total equity and liabilities		4,358,091	3,496,284
Net current assets		29,228	222,981
Total assets less current liabilities		1,665,342	1,607,955

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to owners of the Company							Non-controlling interest	Total	
	Share capital	Share premium	Merger surplus	Contributed surplus	Other reserve	Translation reserve	Retained earnings			Sub-total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
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
Balance as at 1 January 2024 (audited)	2,640	88,276	11,010	298,143	309,970	(17,917)	158,408	850,530	460,705	1,311,235
Profit for the period	-	-	-	-	-	-	40,619	40,619	19,438	60,057
Other comprehensive (expense)/income:										
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(57,621)	-	(57,621)	13,153	(44,468)
Reclassification of cumulative translation reserve upon disposal of foreign operations	-	-	-	-	-	(431)	-	(431)	-	(431)
Total comprehensive (expense)/income for the year	-	-	-	-	-	(58,052)	40,619	(17,433)	32,591	15,158
Balance as at 30 June 2024 (unaudited)	2,640	88,276	11,010	298,143	309,970	(75,969)	199,027	833,097	493,296	1,326,393

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 2024

	Six months ended	
	30 June 2024 (unaudited) HK\$'000	30 June 2023 (unaudited) HK\$'000
Net cash generated from/(used in) operating activities	521,499	(609,575)
Net cash used in investing activities	(625,983)	(173,092)
Net cash generated from financing activities	551,292	590,514
Net increase/(decrease) in cash and cash equivalents	446,808	(192,153)
Cash and cash equivalents at beginning of the period	542,531	613,996
Effects of foreign exchange rate changes	(16,658)	(39,691)
Cash and cash equivalents at end of the period	972,681	382,152
Analysis of balances of cash and cash equivalents		
Cash and bank balances	972,681	382,152

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 2024

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 2024, 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.

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) new energy and EPC; (ii) green building and construction related business in Hong Kong and the PRC; (iii) smart energy management service; (iv) health and wellness; and (v) F&B supply chain.

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 D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). 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 2023.

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 2024

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 2024 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023.

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 2024 for the preparation of the Group’s condensed consolidated interim financial statements:

Amendments to HKAS 1	Classification of liabilities as current or non-current (“ 2020 amendments ”)
Amendments to HKAS 1	Classification of liabilities as current or non-current (“ 2022 amendments ”)
Amendments to HKFRS 16	Lease liability in a sale and leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements

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 2024

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 2023.

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 2024. 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 2024

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:

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30/06/2024 (unaudited) HK\$'000	31/12/2023 (audited) HK\$'000			
Listed equity securities classified as financial assets at fair value through profit or loss	–		8 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 2024 and the year ended 31 December 2023.

The Directors 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 2024

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	
	30/06/2024 (unaudited) HK\$'000	30/06/2023 (unaudited) HK\$'000
Revenue		
New energy and EPC	1,681,392	672,124
Green building and construction related business	404,152	711,465
Smart energy management service	36,548	1,117
Health and wellness	399,657	263,873
F&B supply chain	5,056	6,183
Revenue from contracts with customers	2,526,805	1,654,762
Rental income	5,084	5,309
	2,531,889	1,660,071
Other income and net gains		
Interest income	3,796	1,768
Net gain on disposal of subsidiaries	30,327	4,374
Government grants	109,760	45
Operating lease income	424	424
Sundry income	107	473
	144,414	7,084

During the Reporting Period, the Group recognised government grants of approximately HK\$109,760,000 (Previous Period: approximately HK\$45,000), there were no unfulfilled conditions.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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, 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) New energy and EPC — manufacturing and sales of photovoltaic products and EPC;
- (ii) Green building 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 and supplying of green construction materials;
- (iii) Smart energy management services — provision of smart energy management system, which include sales and installation of energy-saving lighting, energy-saving equipment and information technology development services;
- (iv) Health and wellness — provision of health and wellness services, which include healthcare consulting and sales of healthcare products and healthy food; and
- (v) F&B supply chain — provision of agriculture products, F&B materials supply chain business.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

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 2024

	New energy and EPC (unaudited) HK\$'000	Green building and construction related business (unaudited) HK\$'000	Smart energy management services (unaudited) HK\$'000	Health and wellness (unaudited) HK\$'000	F&B supply chain (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Total (unaudited) HK\$'000
REVENUE							
Revenue from external customers	1,681,392	409,236	36,548	399,657	5,056	-	2,531,889
Inter-segment sales	-	-	-	-	-	-	-
	1,681,392	409,236	36,548	399,657	5,056	-	2,531,889
RESULT							
Segment profit/(loss)	74,773	(2,029)	770	1,188	47	-	74,749
Other income and net gains							34,654
Unallocated corporate expenses							(10,314)
Finance costs							(23,961)
Profit before income tax							75,128

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

Segment revenue and results (Continued)

For the six months ended 30 June 2023

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

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, 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 2024

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

Segment assets and liabilities

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Segment assets		
New energy and EPC	2,524,335	2,303,966
Green building and construction related business	493,558	557,371
Smart energy management services	65,858	24,404
Health and wellness	244,824	94
F&B supply chain	4,071	33,220
Total segment assets	3,332,646	2,919,055
Unallocated corporate assets	1,048,480	577,229
Consolidated total assets	4,381,126	3,496,284
Segment liabilities		
New energy and EPC	2,003,871	1,772,653
Green building and construction related business	275,132	264,391
Smart energy management services	64,000	18,225
Health and wellness	94,495	1,236
F&B supply chain	1,402	18,811
Total segment liabilities	2,438,900	2,075,316
Unallocated corporate liabilities	615,833	109,733
Consolidated total liabilities	3,054,733	2,185,049

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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, deferred tax assets, tax recoverable, pledged bank deposits, 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	
	30/06/2024 (unaudited) HK\$'000	30/06/2023 (unaudited) HK\$'000
Hong Kong	95,008	81,274
The PRC	2,436,881	1,578,797
	2,531,889	1,660,071

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

6. PROFIT BEFORE INCOME TAX

Profit before taxation has been arrived at after charging:

	Six months ended	
	30/06/2024 (unaudited) HK\$'000	30/06/2023 (unaudited) HK\$'000
Depreciation of property, plant and equipment	67,598	6,063
Depreciation of right-of-use assets	721	721
Rental expense from short-term leases	11,864	513
Staff costs (including directors' emoluments)	50,685	55,989

7. INCOME TAX EXPENSE

	Six months ended	
	30/06/2024 (unaudited) HK\$'000	30/06/2023 (unaudited) HK\$'000
Hong Kong Profits Tax		
— Current income tax	—	—
The PRC Enterprise Income Tax		
— Current tax	1,108	6,205
Deferred tax	13,963	(454)
Income tax expense	15,071	5,751

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

8. EARNINGS PER SHARE

	Six months ended	
	30/06/2024 (unaudited)	30/06/2023 (unaudited)
Profit attributable to owners of the Company (HK\$'000)	40,619	16,077
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	4,224,000	4,224,000
Basic earnings per share (HK cents)	0.96	0.38

The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 June 2024 has been adjusted for the share subdivision on 22 December 2023 as if they have taken place since the beginning of the period.

The comparative figures for the basic loss per share for the six months ended 30 June 2023 are restated to take into account of the effect of the above share subdivision during the period retrospectively as if they have taken place since the beginning of the comparative period.

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).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

10. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group incurred expenditure on additions to property, plant and equipment of approximately HK\$606,854,000 (31 December 2023: approximately HK\$766,928,000).

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Trade receivables	681,538	865,759
Less: Provision for impairment losses on trade receivables	(11,392)	(11,392)
	670,146	854,367
Bills receivables	61,077	89,365
Less: Provision for impairment losses on bills receivables	(824)	(824)
	60,253	88,541
Sub-total	730,399	942,908
Other receivables, deposits and prepayments	477,259	617,817
Less: Provision for impairment losses on other receivables and deposits	(269)	(269)
	476,990	617,548
	1,207,389	1,560,456

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

11. TRADE AND OTHER RECEIVABLES (Continued)

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 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
0–30 days	268,687	638,078
31–60 days	14,209	18,414
61–90 days	116,378	107,292
Over 90 days	282,264	101,975
	681,538	865,759

- (c) Bills receivables are received from customers under ordinary course of business. All of the bills receivables are bank acceptance notes with a maturity period within six months.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

12. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.000625 each		
Authorised:		
At 31 December 2023 (audited), 1 January 2024 and 30 June 2024 (unaudited)	80,000,000	50,000
Issued and fully paid:		
At 31 December 2023 (audited), 1 January 2024 and 30 June 2024 (unaudited)	4,224,000	2,640

13. TRADE AND OTHER PAYABLES

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Trade payables	891,995	897,455
Accruals and other payables	355,343	70,289
	1,247,338	967,744

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

13. TRADE AND OTHER PAYABLES (Continued)

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 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
0–30 days	702,865	511,033
31–60 days	25,460	167,300
61–90 days	28,685	78,052
Over 90 days	134,985	141,070
	891,995	897,455

- (b) Included in the Group's other payables are amounts due to related parties of Nil as at 30 June 2024 (31 December 2023: approximately HK\$12,000), which are non-interest bearing and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

14. BORROWINGS

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Bank borrowings — secured	888,717	560,257
Other borrowings — secured	67,740	42,026
Other borrowings — unsecured	58,000	58,000
Bills payables with full recourse	658,828	461,022
	1,673,285	1,121,305
The carrying amounts of the above borrowings are repayable:		
Within one year	1,340,913	833,149
Within a period of more than one year but not exceeding two years	91,708	37,488
Within a period of more than two year but not exceeding five years	165,764	134,464
More than five years	74,900	116,204
	1,673,285	1,121,305
Less: Amount due for settlement within 12 months shown under current liabilities	1,340,913	(833,149)
Amount due for settlement after 12 months shown under non-current liabilities	332,372	288,156

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

14. BORROWINGS (Continued)

The effective interest rates of the fixed-rate bank borrowings of approximately HK\$21,400,000 (31 December 2023: approximately HK\$23,320,000) bear interest rate of 3.5% to 6.9% per annum (31 December 2023: 3.5% to 6.9%). The variable-rate bank borrowings of approximately HK\$867,318,000 (31 December 2023: approximately HK\$536,937,000) bear interest ranged from one year Loan Prime Rate (“LPR”) plus 1.55% to 1.75% per annum and five years LPR plus 0.90% to 1.15% per annum (31 December 2023: one year LPR plus 1.55% to 1.7% per annum and five years LPR plus 0.90% per annum) issued by The People’s Bank of China and at HIBOR plus 0.5%.

As at 30 June 2024, 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. As at 30 June 2024, investment properties, properties available for sale and certain assets included in the property, plant and equipment of the Group with carrying amount of approximately HK\$253,381,000, HK\$35,552,000 and HK\$632,375,000, respectively (31 December 2023: approximately HK\$222,310,000, HK\$36,200,000 and HK\$806,645,000, respectively) were pledged as security for certain of the Group’s bank borrowings.

The other borrowings amounting approximately HK\$67,740,000 (31 December 2023: approximately HK\$42,026,000) are secured by certain trade receivables (Note 11) and bear fixed interest at 9.3% per annum (31 December 2023: 9.3% per annum).

The other borrowings amounting approximately HK\$58,000,000 (31 December 2023: approximately HK\$58,000,000) are unsecured and bear fixed interest at 5% per annum (31 December 2023: 5% per annum).

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

	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
HK\$	406,336	153,037

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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) The compensation to key management personnel during the Reporting Period was approximately HK\$1,094,000 (Previous Period: approximately HK\$1,059,000).

16. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report and the announcement of the Company dated 12 July 2024, 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 Provision(s)**”) as set out under the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to 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. 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 C3 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 2024, 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 have been 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 as recorded in the register required to be maintained by the Company pursuant to section 352 of the SFO, or have been notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Long positions in the Shares

Name of Director	Capacity/ Nature of Interest	Number of Shares held/ interested in	Approximate percentage of interest in the Company
Mr. Yu Zhuyun	Interest in a controlled corporation (Note)	2,890,378,320	68.43%
Ms. Zhu Yujuan	Beneficial owner	480,000	0.01%
Mr. Li Menglin	Beneficial owner	320,000	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

(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 2024, 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 2024, so far as is known to the Directors, the following persons or corporations (other than the Directors and chief executives 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 recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held/ interested in (Note)	Approximate percentage of interest in the Company
Central Culture	Beneficial owner	2,890,378,320 (L)	68.43%

Note: "L" denotes long position.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any person or corporation (other than the Directors and chief executives 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 kept 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 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 422,400,000 Shares, representing 10% of the entire issued share capital of the Company. No share option has been granted, exercised, cancelled or lapsed since the effective date of the Share Option Scheme and up to 30 June 2024.

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

No purchase, sale or redemption of the Company’s listed securities (including sale of treasury Shares) was made by the Company or any of its subsidiaries during the Reporting Period. As at 30 June 2024, no treasury Shares were held by the Company.

COMPETING INTERESTS

The Directors confirmed that none of the controlling Shareholders (as defined in the Listing Rules) 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 2023 on 24 April 2024.

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.

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 audit process in compliance with applicable standards, internal control and risk management systems; (iv) to develop and implement policies on engaging external auditors 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 and 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, 30 August 2024