

Central Holding Group Co. Ltd. 中環控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1735

Interim Report
2021



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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

COMPANY SECRETARY

Ms. Li Sin Ching, *ACG, ACS*

AUTHORISED REPRESENTATIVES

Mr. Yu Zhuyun
Ms. Li Sin Ching

REGISTERED OFFICE IN THE 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

Office 5509, 55th Floor
The Center
99 Queen's Road Central
Central
Hong Kong

LEGAL ADVISER AS TO HONG KONG LAW

King & Wood Mallesons
13/F, Gloucester Tower
The Landmark
15 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

Corporate Information

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
No. 1 Queen's Road Central
Hong Kong

The Bank of China (Hong Kong) Limited
No. 1 Garden Road, Central
Hong Kong

Industrial and Commercial Bank of China (Asia) Limited
33rd Floor, ICBC Tower
3 Garden Road, Central
Hong Kong

COMPANY WEBSITE

www.chghk.com

STOCK CODE

1735

Management Discussion and Analysis

The board (the **"Board"**) of directors (the **"Directors"**) of Central Holding Group Co. Ltd. (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 2021 (the **"Period"**) together with the comparative figures for the six months ended 30 June 2020 (the **"Previous Period"**).

BUSINESS REVIEW

The Directors are of the view that the construction business environment in which the Group operates in Hong Kong becomes tough and the Group is facing the challenges including the low bidding price on tenders, increased costs and limited market potential in Hong Kong. The Group will be prudent in managing construction business operations and evaluating business development opportunities in Hong Kong to diversify the revenue sources and therefore the Group can minimize possible exposure to the uncertainties in the Hong Kong market.

The Group considers the prospects of the People's Republic of China (**"PRC"**) market promising. To further diversify the Group's source of income and to leverage the synergic advantages and resources of Central Culture Resource Group Limited, the Group has successfully expanded its construction business in a diverse range of related businesses in the PRC, such as building constructions, property development, property management, trading of construction materials, food and beverage (**"F&B"**) supply chain, provision of smart logistics and information system, health and wellness business, the satisfactory performance was recorded during the Period.

As at 30 June 2021, the Group has seven main segments, which are (i) foundation works and superstructure building works; (ii) property development and investment properties business; (iii) properties management; (iv) trading of construction materials; (v) F&B supply chain; (vi) smart logistic and information technology development; and (vii) health and wellness services. We seek to achieve synergistic value amongst the segments in order to obtain higher returns and greater business opportunities.

Foundation works and superstructure building works

During the six months ended 30 June 2021, the revenue in foundation works and superstructure building works segment was approximately HK\$84.6 million (six months ended 30 June 2020: approximately HK\$58.1 million), which is accounted for approximately 27.0% (six months ended 30 June 2020: approximately 72.3%) of the Group's total revenue. The increase was mainly due to increase in Construction and building works of Huai Yuan Project (**"懷遠"**) and Linquan Project (**"臨泉"**) in the PRC during the Reporting Period.

Management Discussion and Analysis

Property development and investment properties business

Quzhou — Rural and wellness Project

As at 30 June 2021, the Group has a new development project in Quzhou City, Zhejiang, comprising of hotel, condominium and bungalows with the theme of "Rural and Wellness Complex". The total site area of the project is 27,920 sq.m. and the total gross floor area thereof is approximately 37,356 sq.m.. The project is expected to be completed in December 2021, and the Group intends to hold a total gross floor area of approximately 18,599 sq.m. for hotel services or leasing out to generate rental income in future.

Property management services

Property management services include security, cleaning, greening, gardening, repair and maintenance in the PRC. As at 30 June 2021, Gross Floor Area ("GFA") under management provided by the Group was approximately 1.53 million sq.m. (30 June 2020: nil) and the revenue from the property management business segment was approximately HK\$19.0 million (six months ended 30 June 2020: nil), which accounted for approximately 6.1% (six months ended 30 June 2020: nil) of the Group's total revenue.

Trading of construction materials

Trading of construction materials includes building steels, cement, building sand and stone. As at 30 June 2021, the revenue from trading of construction materials segment was approximately HK\$140.7 million (six months ended 30 June 2020: HK\$11.2 million), which accounted for approximately 44.9% (six months ended 30 June 2020: 13.9%) of the Group's total revenue.

F&B supply chain business

F&B supply chain includes supply chain services of agriculture products, frozen meat and other F&B materials. As at 30 June 2021, the revenue from F&B supply chain segment was approximately HK\$27.5 million (six months ended 30 June 2020: nil), which accounted for approximately 8.8% (six months ended 30 June 2020: nil) of the Group's total revenue.

Smart logistics and information system

During the six months ended 30 June 2021, the revenue in smart logistic and information system segment was approximately HK\$4.7 million (six months ended 30 June 2020: HK\$2.64 million), which is accounted for approximately 1.5% (six months ended 30 June 2020: 3.3%) of the Group's total revenue.

Health and wellness business

Health and wellness business includes supplying of healthcare products, green food and beauty products. During the six months ended 30 June 2021, the revenue in health and wellness business was increased by approximately HK\$36.9 million (six months ended 30 June 2020: HK\$8.5 million), which is accounted for approximately 11.8% (six months ended 30 June 2020: 10.5%) of the Group's total revenue.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The revenue of the Group for the six months ended 30 June 2021, the Group achieved satisfactory overall operation performance. The Group recorded approximately HK\$313.4 million in revenue, representing an increase of approximately 289.8% as compared with that in the corresponding period last year of approximately HK\$80.4 million. The improvement was primarily due to the combine effect of: (i) net increase in revenue from the foundation works and superstructure building works segment which amounted to approximately HK\$26.5 million as a result of new construction and building works of Huai Yuan Project (“懷遠”) and Linquan Project (“臨泉”) in the PRC; (ii) increase revenue from property management segment accounted for approximately HK\$19.0 million as a result of acquisition of property management company on 10 November 2020; (iii) increased revenue from the trading of construction materials segment which amounted to approximately HK\$129.5 million which was driven by strong growth in sales volume of construction materials during the Period (period ended 30 June 2020: HK\$11.2 million); (iv) increased revenue from the health and wellness segment which amounted to approximately HK\$28.4 million (period ended 30 June 2020: HK\$8.5 million); and (v) increase revenue from F&B supply chain segment accounted for approximately HK\$27.5 million (period ended 30 June 2020: nil).

The following table sets forth the Group's revenue by business for the periods:

	Six months ended	
	30/06/2021 (unaudited) HK\$'000	30/06/2020 (unaudited) HK\$'000
Revenue		
Foundation works and superstructure building works	84,650	58,084
Property management	18,990	–
Trading of construction materials	140,677	11,171
Health and wellness	36,916	8,468
F&B supply chain	27,477	–
Smart logistic and information system	4,710	2,646
	313,420	80,369

Gross Profit and Gross Profit Margin

The gross profit of the Group for the six months ended 30 June 2021 amounted to approximately HK\$16.89 million, representing an increase of approximately 29,021% as compared with approximately HK\$58,000 for the six months ended 30 June 2020. The Group's gross profit margin also increase from 0.07% for the six months ended 30 June 2020 to 5.4% for the six months ended 30 June 2021. The increase was mainly due to the higher profit margin in building works in the PRC, F&B supply chain business, health and wellness business.

Other Income and Net Gains

Other income and net gains mainly comprise of rental income from machineries and interest income from bank deposit. During the six months ended 30 June 2021, other income and net gains amounted to approximately HK\$2.3 million (six months ended 30 June 2020: approximately HK\$2.3 million).

Management Discussion and Analysis

Administrative and Other Operating Expenses

The administrative and other operating expenses of the Group for the six months ended 30 June 2021 amounted to approximately HK\$34.6 million, representing an increase of approximately 96.6% compared with approximately HK\$17.6 million for the six months ended 30 June 2020, mainly due to increase in the costs new staff as a result of addition new business segment and business expansion in the PRC. As at 30 June 2021, the staff had increased to 431 employees (including full-time and casual employees who are paid on a daily basis) as compare to 94 employees in prior period.

Income Tax Expense

Income tax expense decreased by approximately 23.8% from approximately HK\$2.1 million for the six months ended 30 June 2020 to approximately HK\$1.6 million for the six months ended 30 June 2021.

Net Loss

As a result of the aforesaid, the Group recorded a net loss for the six months ended 30 June 2021 of approximately HK\$17.2 million, while the Group recorded net loss of approximately HK\$11.9 million for the six months ended 30 June 2020. The increase in net loss is mainly due to increase in administrative and other operating expenses as a result of addition of new business segment and business expansion in the PRC.

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 2021, the Group had cash and bank balances of approximately HK\$42.3 million (31 December 2020: approximately HK\$53.8 million).

As at 30 June 2021, the share capital and equity attributable to owners of the Company amounted to approximately HK\$2.6 million and HK\$148.1 million respectively (31 December 2020: approximately HK\$2.6 million and HK\$162.4 million respectively).

The current ratio decreased from 1.2 times as at 31 December 2020 to 1.1 times as at 30 June 2021.

GEARING RATIO

Gearing ratio is calculated by dividing all debts by total equity at the period-end date and expressed as a percentage. Debts are defined to include payables incurred not in the ordinary course of business. The gearing ratio of the Group is 5.1% as at 30 June 2021 (31 December 2020: 5.1%).

FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong and has commenced new operations in the PRC in 2021. Accordingly, all operating transactions and revenue are settled in Hong Kong dollars and Renminbi, subjecting the Group to foreign exchange risk. The Group has actively taken various measures to manage foreign exchange risk.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Period, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries or associated companies.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

The Group had 431 employees (including full-time and casual employees who are paid on a daily basis) as at 30 June 2021 (30 June 2020: 94). Total staff costs included directors' emoluments for the Period amounted to approximately HK\$33.2 million (Previous Period: approximately HK\$13.5 million), salaries, wages and other staff benefits, contributions and retirement schemes, provisions for staff long service payment and untaken paid leave. The remuneration policy and package of the Group's employees are periodically reviewed. Apart from mandatory provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employment according to the assessment of individual performance and market situation.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 30 June 2021.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2021 (30 June 2020: nil).

USE OF PROCEEDS FROM THE LISTING

On 8 July 2021, the Board resolved to change the use of the remaining unutilized net proceeds (the "Net Proceeds") from the initial public offering (the "Listing"). For details of such change, please refer to the announcement of the Company dated 8 July 2021.

The below table sets out the use of the Net Proceeds and the unutilized amount as at 30 June 2021:

	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 2021 HK\$'000 (approximately)	Unutilized amount as at 30 June 2021 HK\$'000 (approximately)	Expected timeline
Use of Net Proceeds:					
Hiring of additional staff	11,600	11,600	6,026	5,574	End of 2022
Acquisition of additional machinery and equipment	54,900	43,900	34,068	9,832	End of 2022
General Working Capital	7,000	18,000	7,000	11,000	End of 2022
Total	73,500	73,500	47,094	26,406	

During the six months ended 30 June 2021, the Group had utilised approximately HK\$1.03 million of the proceeds on hiring of additional staff and HK\$14.6 million of the proceeds on acquisition of additional machinery and equipment. The remaining of HK\$9.8 million had been committed on the acquisition of machinery and the delivery date is scheduled by end of March 2021. The Group continues to carefully apply the use of proceeds to match with the operational scale, complexity of new projects and the expansion of the business.

Management Discussion and Analysis

Due to the outbreak of Coronavirus disease pandemic (“COVID-19”) since January 2020, the construction industry in Hong Kong had been adversely affected. The Group expects that the utilisation of the proceeds will span thru a longer timeline than original planned under the current business environment as there is still uncertainty in the extent and duration of the impact of the COVID-19 on the construction industry and the Hong Kong economy as a whole. The expected timeline for utilising the remaining proceeds will be subject to change based on the current and future development of market conditions.

The unutilised Net Proceeds have been placed in the short-term demand deposits with licensed banks in Hong Kong.

INTERIM DIVIDEND FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

EVENTS AFTER THE PERIOD

There was no significant event after the Period and up to the date of this report.

CONTINUING CONNECTED TRANSACTION

On 7 July 2020, Anhui Zhongzhihuan Construction Engineering Co., Ltd* (“**Anhui Zhongzhihuan Construction**”), an indirect wholly owned subsidiary of the Company and Linquan Zhongzhihuan Property Development Limited* (臨泉中之環置業有限公司) (“**Linquan Zhongzhihuan Property**”) entered into a construction services agreement, pursuant to which Anhui Zhongzhihuan Construction has agreed to act as contractor to provide construction services for the construction project of “Linquan 70mu Central Street Project”* (臨泉70畝中環街項目) with approximately 54,000 sq.m. located in Linquan, Anhui Province, the PRC to Linquan Zhongzhihuan Property with an aggregate amount of service fee of not more than RMB132.72 million (inclusive of value-added tax) from time to time for the period commencing on 27 December 2020 until 31 December 2022. On 27 August 2020, such continuing connected transaction was approved by independent shareholders at the extraordinary general meeting of the Company.

Condensed Consolidated Interim Statement of Profit or Loss and other Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	Six months ended	
		30/06/2021 (unaudited) HK\$'000	30/06/2020 (unaudited) HK\$'000
Revenue	5	313,420	80,369
Direct costs		(296,530)	(80,311)
Gross profit		16,890	58
Other income and net (losses)/gains	5	2,323	2,341
Gain on fair value changes of investment properties		–	5,375
Administrative and other operating expenses		(34,580)	(17,611)
Finance costs		(197)	(11)
Loss before income tax	6	(15,564)	(9,848)
Income tax expense	7	(1,590)	(2,095)
Loss for the period		(17,154)	(11,943)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
— Exchange differences arising on translation of foreign operations		858	16
Other comprehensive income for the period, net of tax		858	16
Total comprehensive expense for the period attributable to owners of the Company		(16,296)	(11,927)
Loss for the period attributable to:			
Owners of the Company		(15,072)	(11,943)
Non-controlling interests		(2,082)	–
		(17,154)	(11,943)
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		(14,215)	16
Non-controlling interests		(2,081)	–
		(16,296)	16
		HK Cents	HK Cents
Loss per share attributable to owners of the Company			
— Basic and diluted loss per share	8	(1.43)	(1.13)

Condensed Consolidated Interim Statement of Financial Position

AS AT 30 JUNE 2021

	Notes	At 30 June 2021 (unaudited) HK\$'000	At 31 December 2020 (audited) HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	31,544	20,873
Right-of-use assets		12,337	13,260
Investment properties		84,330	71,149
Intangible assets		4,151	4,115
Deposit and prepayment for life insurance policy		3,174	3,136
		135,536	112,533
Current assets			
Properties under development for sale		86,416	66,914
Contract assets		159,080	167,611
Trade and other receivables	11	136,294	78,809
Tax recoverable		680	863
Cash and bank balances		42,331	53,757
		424,801	367,954
Total assets		560,337	480,487
EQUITY			
Capital and reserves			
Share capital	12	2,640	2,640
Reserves		145,500	159,715
Equity attributable to owners of the Company		148,140	162,355
Non-controlling interests		(1,115)	102
Total equity		147,025	162,457

Condensed Consolidated Interim Statement of Financial Position

AS AT 30 JUNE 2021

	Notes	At 30 June 2021 (unaudited) HK\$'000	At 31 December 2020 (audited) HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		5,856	6,555
Liabilities for long service payments		842	820
Deferred tax liabilities		7,644	6,348
		14,342	13,723
Current liabilities			
Contract liabilities		100,025	76,865
Trade and other payables	13	213,098	175,295
Lease liabilities		1,570	1,765
Amounts due to related companies		84,273	49,087
Tax payables		4	1,295
		398,970	304,307
Total liabilities		413,312	318,030
Total equity and liabilities		560,337	480,487
Net current assets		25,831	63,647
Total assets less current liabilities		161,367	176,180

Condensed Consolidated Interim Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to owners of the Company						Non	Total
	Share capital	Share premium	Merger reserve	Translation reserve	Retained earnings	Sub-total	controlling interest	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 12)							
Balance as at 1 April 2020 (audited)	2,640	88,276	11,010	(98)	58,886	160,714	–	160,714
Loss for the period	–	–	–	–	(11,598)	(11,598)	–	(11,598)
Other comprehensive income:								
Exchange differences arising on translation of foreign operations	–	–	–	114	–	114	–	114
Balance as at 30 June 2020 (unaudited)	2,640	88,276	11,010	16	47,288	149,230	–	149,230
Balance as at 1 January 2021 (audited)	2,640	88,276	11,010	2,292	58,137	162,355	102	162,457
Loss for the period	–	–	–	–	(15,072)	(15,072)	(2,082)	(17,154)
Capital contribution by non-controlling interests	–	–	–	–	–	–	864	864
Other comprehensive income:								
Exchange differences arising on translation of foreign operations	–	–	–	857	–	857	1	858
Balance as at 30 June 2021 (unaudited)	2,640	88,276	11,010	3,149	43,065	148,140	(1,115)	147,025

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 2021

	Six months ended	
	30 June 2021 (unaudited) HK\$'000	30 June 2020 (unaudited) HK\$'000
Net cash (used in)/generated from operating activities	(31,175)	9,842
Net cash used in investing activities	(13,757)	(33,006)
Net cash generated from/(used in) financing activities	34,148	(25,361)
Net decrease in cash and cash equivalents	(10,784)	(48,525)
Cash and cash equivalents at beginning of the period	53,757	114,462
Effects of foreign exchange rate changes	(642)	109
Cash and cash equivalents at end of the period	42,331	66,046
Analysis of balances of cash and cash equivalents		
Cash and bank balances	42,331	66,046

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 2021

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 "**Share**") have been listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 29 March 2018. As at 30 June 2021, its parent and ultimate holding company is Central Culture Resource Group Limited, a company incorporated in the British Virgin Islands ("**BVI**") with limited liability and wholly owned by Mr. Yu Zhuyun, the controlling shareholder of the Company.

The Company's registered office address is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the Company's principal place of business is Office 5509, 55th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the business of (i) foundation works and superstructure building works in Hong Kong and the PRC; (ii) property development and investment properties; (iii) property management services; (iv) trading of construction materials; (v) F&B supply chain business; (vi) smart logistics services and information technology development and (vii) health and wellness business in PRC.

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 financial information relating to the nine months ended 31 December 2020 that is included in the condensed consolidated interim financial statements for the period from 1 January 2021 to 30 June 2021 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that period but is derived from those financial statements.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the significant accounting policies used in the preparation of condensed consolidated interim financial statements for the period from 1 January 2021 to 30 June 2021 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the nine months ended 31 December 2020.

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated interim financial statements:

Amendments to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 19, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

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

3. 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 Financial Statements, and should be read in conjunction with the Group's Annual Financial Statements as at 31 December 2020.

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

The Group did not have any financial instruments measured at fair value as at 30 June 2021 and 31 December 2020.

There were no transfers between levels.

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 Financial Statements.

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

Revenue and other income recognised during the periods are as follows:

	Six months ended	
	30/06/2021 (unaudited) HK\$'000	30/06/2020 (unaudited) HK\$'000
Revenue		
Foundation works and superstructure building works	84,650	58,084
Property management	18,990	–
Trading of construction materials	140,677	11,171
Health and wellness	36,916	8,468
F&B supply chain	27,477	–
Smart logistics and information system	4,710	2,646
	313,420	80,369
Other income and net (losses)/gains		
Interest income	70	65
Net (losses)/gains on disposal of property, plant and equipment	(20)	100
Government grants	183	–
Operating lease income — machinery and equipment	1,890	1,710
Sundry income	200	466
	2,323	2,341

During the current period, the Group recognised government grants of approximately HK\$183,000 of which approximately HK\$20,000 in respect of the Construction Business Support Scheme provided by the Hong Kong government, the remaining amounts of approximately HK\$163,000 represent the grants received from the PRC government, there were no unfulfilled conditions.

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

Disaggregation of revenue from contracts with customers

	Six months ended	
	30/06/2021 (unaudited) HK\$'000	30/06/2020 (unaudited) HK\$'000
Timing of revenue recognition		
Over time	103,640	58,084
A point in time	209,780	22,285
	313,420	80,369
Types of services		
Foundation works and superstructure building works	84,650	58,084
Property management	18,990	–
Trading of construction materials	140,677	11,171
Sales of healthcare products and healthy food	36,916	8,468
F&B supply chain	27,477	–
Smart logistics and information system	4,710	2,646
	313,420	80,369

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) Foundation works and superstructure building works — provision of piling works, excavation and lateral support works, and pile cap construction and building works in relation to the parts of the structure above the ground level and other construction works;
- (ii) Property development and investment — development and sale of properties and holding of properties for investment and leasing purposes;

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

Segment information (Continued)

- (iii) Property management — provision of property management services, which include security, cleaning, greening, gardening, repair and maintenance;
- (iv) Trading of construction materials — trading of construction materials;
- (v) Health and wellness — provision of health and wellness solution services and supplying of healthcare and wellness related products;
- (vi) F&B supply chain — provision of agriculture products, food and beverage materials supply chain business; and
- (vii) Smart logistic and information system — provision of logistics services and information technology development.

The Group has introduced additional segment of F&B supply chain business during the Period.

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 2021

	Foundation works and superstructure building works (unaudited) HK\$'000	Property development and investment (unaudited) HK\$'000	Property management (unaudited) HK\$'000	Trading of construction materials (unaudited) HK\$'000	Health and wellness (unaudited) HK\$'000	F&B supply chain (unaudited) HK\$'000	Smart logistic and information system (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Total (unaudited) HK\$'000
REVENUE									
Revenue from external customers	84,650	-	18,990	140,677	36,916	27,477	4,710	-	313,420
Inter-segment sales	18,781	-	-	-	-	-	-	(18,781)	-
	103,431	-	18,990	140,677	36,916	27,477	4,710	(18,781)	313,420
RESULT									
Segment (loss)/profit	12,028	(646)	4,851	1,551	567	(1,328)	(133)	-	16,890
Other income and net (losses)/gains									2,323
Unallocated corporate expenses									(34,580)
Finance costs									(197)
Loss before income tax									(15,564)

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

Segment revenue and results (Continued)

For the six months ended 30 June 2020

	Foundation works and superstructure building works (unaudited) HK\$'000	Property development and investment (unaudited) HK\$'000	Smart logistic and information system (unaudited) HK\$'000	Health and wellness (unaudited) HK\$'000	Trading of construction materials (unaudited) HK\$'000	Total (unaudited) HK\$'000
REVENUE						
Revenue from external customers	58,084	–	2,646	8,468	11,171	80,369
RESULT						
Segment (loss)/profit	(2,334)	5,375	1,753	456	183	5,433
Other income and net gains						2,341
Unallocated corporate expenses						(17,611)
Finance costs						(11)
Loss before income tax						(9,848)

Segment revenue reported above represents revenue generated from external customers. Inter-segment revenue is charged at prevailing market rates. There were no inter-segment sales in the prior period.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the (loss)/profit from each segment without allocation of other income and net (losses)/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 2021

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

Segment assets and liabilities

	At 30 June 2021 (unaudited) HK\$'000	At 31 December 2020 (audited) HK\$'000
Segment assets		
Foundation works and superstructure building works	205,307	230,867
Property development and investment	186,325	149,983
Property management	14,466	10,502
Trading of construction materials	50,526	10,913
Health and wellness	32,784	1,686
F&B supply chain	5,531	–
Smart logistic and information system	4,540	2,693
Total segment assets	499,479	406,644
Unallocated corporate assets	60,858	73,843
Consolidated total assets	560,337	480,487
Segment liabilities		
Foundation works and superstructure building works	143,976	154,974
Property development and investment	140,082	66,847
Property management	13,784	19,584
Trading of construction materials	46,435	5,808
Health and wellness	32,132	954
F&B supply chain	6,102	–
Smart logistic and information system	7,423	128
Total segment liabilities	389,934	248,295
Unallocated corporate liabilities	23,378	69,735
Consolidated total liabilities	413,312	318,030

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, 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.

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

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	
	30/06/2021 (unaudited) HK\$'000	30/06/2020 (unaudited) HK\$'000
Hong Kong	53,929	58,084
The PRC	259,491	22,285
	313,420	80,369

6. LOSS BEFORE INCOME TAX

Loss before taxation has been arrived at after charging/(crediting):

	Six months ended	
	30/06/2021 (unaudited) HK\$'000	30/06/2020 (unaudited) HK\$'000
Depreciation of property, plant and equipment	3,472	1,463
Depreciation of right-of-use assets	1,077	225
Provision for/(reversal of) impairment losses on trade receivables	955	(19)
Provision for impairment losses on contract assets	44	18
Provision for impairment losses on other receivables and deposits	139	46
Rental expense from short-term leases	746	1,250
Staff costs (including directors' emoluments)	33,159	13,517

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2021

7. INCOME TAX EXPENSE

	Six months ended	
	30/06/2021 (unaudited) HK\$'000	30/06/2020 (unaudited) HK\$'000
Hong Kong Profits Tax		
— Current income tax	—	170
The PRC Enterprise Income Tax		
— Current tax	346	2,074
— Over-provision in prior period	—	(82)
Deferred tax	1,244	(67)
Income tax expense	1,590	2,095

8. LOSS PER SHARE

	Six months ended	
	30/06/2021 (unaudited)	30/06/2020 (unaudited)
Loss attributable to owners of the Company (HK\$'000)	15,072	11,943
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (in thousand)	1,056,000	1,056,000
Basic loss per share (HK cents)	1.43	1.13

The weighted average number of ordinary shares for the purpose of basic loss per share for the period ended 30 June 2020 has been adjusted for the share subdivision on 5 August 2020 as if they have taken place since the beginning of the period.

No diluted loss per share is presented for both periods as there was no potential ordinary share outstanding.

9. DIVIDEND

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

10. PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 June 2021, the Group incurred expenditure on additions to property, plant and equipment of approximately HK\$15,154,000 (31 December 2020: approximately HK\$13,003,000). Furthermore, the Group disposed of certain property, plant and equipment with carrying amount of approximately HK\$30,000 (31 December 2020: HK\$31,000), at a sale proceed of approximately HK\$10,000 (31 December 2020: approximately nil) and resulting a loss on disposal of HK\$20,000 (31 December 2020: approximately nil).

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2021

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2021 (unaudited) HK\$'000	At 31 December 2020 (audited) HK\$'000
Trade receivables	78,989	38,025
Less: Provision for impairment losses on trade receivables	(1,757)	(802)
	77,232	37,223
Other receivables, deposits and prepayments	59,517	41,902
Less: Provision for impairment losses on other receivables and deposits	(455)	(316)
	59,062	41,586
	136,294	78,809

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 30 days generally.
- (b) The ageing analysis of the trade receivables (including amounts due from related companies of trading in nature) based on payment certificate date/invoice date is as follows:

	At 30 June 2021 (unaudited) HK\$'000	At 31 December 2020 (audited) HK\$'000
0–30 days	60,618	29,811
31–60 days	–	3,308
61–90 days	2,843	273
Over 90 days	15,528	4,633
	78,989	38,025

- (c) Included in the Group's trade and other receivables are amounts due from related companies of approximately HK\$1,093,000 as at 30 June 2021 (31 December 2020: approximately HK\$910,000), which are repayable on credit terms similar to those offered to other customers of the Group.

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2021

12. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.0025 each		
Authorised:		
At 31 December 2020 (audited), 1 January 2021 and 30 June 2021 (unaudited)	20,000,000	50,000
Issued and fully paid:		
At 31 December 2020 (audited), 1 January 2021 and 30 June 2021 (unaudited)	1,056,000	2,640

13. TRADE AND OTHER PAYABLES

	At 30 June 2021 (unaudited) HK\$'000	At 31 December 2020 (audited) HK\$'000
Trade payables	170,163	149,343
Accruals and other payables	42,935	25,952
	213,098	175,295

Notes:

- (a) Payment terms granted by suppliers are generally 7 to 90 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 2021 (unaudited) HK\$'000	At 31 December 2020 (audited) HK\$'000
0–30 days	58,274	56,750
31–60 days	8,439	15,795
61–90 days	212	68,125
Over 90 days	103,238	8,673
	170,163	149,343

- (b) Included in the Group's other payables are amounts due to related parties of approximately HK\$414,000 as at 30 June 2021 (31 December 2020: approximately HK\$3,986,000), which are non-interest bearing and repayable on demand.

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2021

14. 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 this report, 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	
		30/06/2021 (unaudited) HK\$'000	30/06/2020 (unaudited) HK\$'000
Anhui Zhong Zhi Huan Intelligent Logistics Co., Ltd.* (安徽中之環智慧物流有限公司) (Note (i))	Revenue from smart logistics and information technology services	–	2,011
Shenzhen Qianhai Fu Xin Tai Factoring Co., Ltd.* (深圳市前海福鑫泰保理有限公司) (Note (i))	Revenue from smart logistics and information technology services	–	635
Top Wealthy Limited (Notes (ii) and (iii))	Rental expense from short-term leases	–	300
	Management fee	–	63
Grand Faith International Investment Limited (Notes (i) and (ii))	Rental expense from short-term leases	535	700
	Management fee	3	4
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	14,757	–
Hefei Zhongheng Property Development Limited* (合肥中恒置業有限公司) (Note (i))	Revenue from property management	532	–

* For identification only

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2021

14. RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related party (Continued)

Notes:

- (i) The companies were controlled by Mr. Yu Zhuyun.
 - (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.
 - (iii) Top Wealthy Limited is owned by Ms. Tsui Kwok Ying (resigned as non-executive director on 4 October 2019), Ms. Ng Chung Yan May (resigned as executive director on 4 October 2019) and Ms. Tang Shuk Ngar, Elli (the spouse of Mr. Ng Chi Bun Benjamin (resigned as executive director on 4 October 2019)) as to 62.5%, 12.5% and 25% respectively.
- (b) The compensation to key management personnel during the period was approximately HK\$1,068,000 (six months ended 30 June 2020: approximately HK\$2,800,000).

15. SURETY BONDS AND CONTINGENT LIABILITIES

At 30 June 2021, the Group had contingent liabilities in respect of surety bonds to guarantee the due and proper performance of the obligation undertaken by the Group for projects amounting to approximately HK\$12,169,000 (31 December 2020: approximately HK\$25,489,000). Mr. Ng Wong Kwong, Ms. May Ng and Wise Trend Engineering have unconditionally and irrevocably agreed to indemnify to the insurance companies that issue such surety bonds for claims and losses the insurance companies may incur in respect of the bonds. The surety bonds will be released when the contracts are completed or substantially completed pursuant to the relevant contract.

At 30 June 2021, the Group paid a cash collateral of approximately HK\$3,300,000 (31 December 2020: approximately HK\$8,300,000) to the insurance companies for the issuance of surety bonds and are included in other receivables, deposits and prepayments (Note 11).

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

16. EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has occurred after the Period and up to the date of this report.

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 Governing the Listing of Securities (the **"Listing Rules"**) during the Period and up to the date of this report. 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 Period and up to the date of this report, the Company had complied with all the applicable Code Provisions of the CG Code, except for Code Provision A.2.1 of the CG Code as explained 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 A.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 and the shareholders of the Company. Therefore, the Board considers that the deviation from Code Provision A.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 Period and up to the date of this report.

The senior management and staff have been individually notified and advised about the Model Code by the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, 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 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:

(i) Long position in the ordinary shares of the Company

Name of Director	Capacity/Nature of Interest	Number of Shares held/interested	Percentage of Issued Share Capital
Mr. Yu Zhuyun	Interest in controlled corporation (Note)	776,066,000	73.49%

Note: These 776,066,000 Shares are held by Central Culture Resource Group Limited, which is wholly owned by Mr. Yu Zhuyun. Pursuant to a share charge dated 2 July 2021, Central Culture Resource Group Limited charged 760,320,000 Shares in favour of Huatai Financial Holdings (Hong Kong) Limited and Chiyu Banking Corporation Limited.

Corporate Governance and Other Information

(ii) Long position in the ordinary shares of an associated corporation

Name of Director	Name of associated corporation	Capacity/Nature of Interest	Number of shares held/interested	Percentage of Issued Share Capital
Mr. Yu Zhuyun	Central Culture Resource Group Limited (Note)	Beneficial owner	50,000	100%

Note: Pursuant to a share charge dated 2 July 2021, Mr. Yu Zhuyun charged all the issued shares of Central Culture Resource Group Limited in favour of Huatai Financial Holdings (Hong Kong) Limited and Chiyu Banking Corporation Limited.

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

As at 30 June 2021, so far as is known to the Directors, the following person or corporation (other than the Directors and chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company 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	Percentage of Issued Share Capital
Central Culture Resource Group Limited (Note)	Beneficial Owner	776,066,000	73.49%

Note: Central Culture Resource Group Limited is wholly owned by Mr. Yu Zhuyun. Pursuant to a share charge dated 2 July 2021, Central Culture Resource Group Limited charged 760,320,000 Shares in favour of Huatai Financial Holdings (Hong Kong) Limited and Chiyu Banking Corporation Limited.

Save as disclosed above, as at 30 June 2021, the Directors were not aware of any person or corporation (other than the Directors and the chief executives) who had any interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or pursuant to section 336 of the SFO, which would have to be recorded in the register referred to therein.

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 in accordance with the provisions of Chapter 17 of the Listing Rules and are summarised in Appendix IV to the Prospectus. 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 the date of this report.

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 Period and up to the date of this report.

Corporate Governance and Other Information

COMPETING INTERESTS

The Directors confirm that none of the controlling shareholder 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 Period and up to the date of this report, and that is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

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

INTERIM DIVIDEND FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

CHANGE IN DIRECTOR'S INFORMATION

There is no change in Director's information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the Company's Annual Report 2020.

AUDIT COMMITTEE

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

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

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

REVIEW OF INTERIM FINANCIAL RESULTS

The interim financial results of the Group for the 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.

By Order of the Board

Central Holding Group Co. Ltd.

Yu Zhuyun

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 30 August 2021