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**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)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**FINANCIAL HIGHLIGHTS**

- The Group's revenue for the year ended 31 December 2022 amounted to approximately HK\$1,613.6 million (for the year ended 31 December 2021: approximately HK\$1,086.2 million).
- Loss attributable to the owners of the Company for year ended 31 December 2022 amounted to approximately HK\$27.8 million (for the year ended 31 December 2021: profit attributable to the owners of the Company approximately HK\$62.0 million).
- Basic and diluted loss per Share for the year ended 31 December 2022 amounted to approximately HK cents 2.64 (for the year ended 31 December 2021: basic and diluted earnings per Share approximately HK cents 5.87).
- Loss before interest, taxes, depreciation, and amortisation for the year ended 31 December 2022 amounted to approximately HK\$16.3 million (for the year ended 31 December 2021: a profit of approximately HK\$92.2 million).
- The Board did not recommend the payment of a final dividend for the year ended 31 December 2022 (for the year ended 31 December 2021: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Central Holding Group Co. Ltd. (the “**Company**”) is pleased to present the audited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Year**”) together with the comparative figures for the year ended 31 December 2021 (the “**Previous Reporting Period**”) as below.

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

*For the year ended 31 December 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Revenue	3	<b>1,613,641</b>	1,086,236
Direct costs		<b>(1,582,543)</b>	(1,034,470)
Gross profit		<b>31,098</b>	51,766
Other income and net gains/(loss)	3	<b>37,866</b>	41,413
(Loss)/gain on fair value changes of investment properties		<b>(7,308)</b>	45,254
Selling expenses		<b>(3,604)</b>	(8,257)
Administrative and other operating expenses		<b>(83,542)</b>	(47,224)
Finance costs		<b>(5,520)</b>	(3,413)
(Loss)/profit before income tax	4	<b>(31,010)</b>	79,539
Income tax credit/(expense)	5	<b>682</b>	(19,253)
(Loss)/profit for the year		<b>(30,328)</b>	60,286

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Other comprehensive (expense)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
— Exchange differences arising on translation of foreign operations		(23,492)	7,575
— Reclassification of cumulative translation reserve upon disposal of foreign operations		(832)	(210)
		<u>(24,324)</u>	<u>7,365</u>
Other comprehensive (expense)/income for the year, net of tax			
		<u>(24,324)</u>	<u>7,365</u>
Total comprehensive (expense)/income for the year			
		<u>(54,652)</u>	<u>67,651</u>
(Loss)/profit for the year attributable to:			
Owners of the Company		(27,843)	61,985
Non-controlling interests		(2,485)	(1,699)
		<u>(30,328)</u>	<u>60,286</u>
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		(41,756)	67,887
Non-controlling interests		(12,896)	(236)
		<u>(54,652)</u>	<u>67,651</u>
		<i>HK Cents</i>	<i>HK Cents</i>
(Loss)/earnings per share attributable to owners of the Company			
— Basic and diluted (loss)/earnings per share	6	<u>(2.64)</u>	<u>5.87</u>

Details of dividends are disclosed in Note 7.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>82,455</b>	26,621
Right-of-use assets		<b>3,125</b>	6,066
Investment properties		<b>229,390</b>	257,439
Intangible assets		<b>3,069</b>	3,845
Deposit and prepayment for life insurance policy		<b>3,293</b>	3,214
		<u><b>321,332</b></u>	<u>297,185</u>
<b>Current assets</b>			
Financial asset at fair value through profit or loss		<b>796</b>	–
Properties available for sale		<b>72,547</b>	92,369
Contract assets		<b>104,887</b>	136,894
Trade and other receivables	8	<b>340,336</b>	194,799
Inventories		<b>36,583</b>	–
Tax recoverable		<b>561</b>	561
Cash and bank balances		<b>613,996</b>	50,373
		<u><b>1,169,706</b></u>	<u>474,996</u>
<b>Total assets</b>		<u><b>1,491,038</b></u>	<u>772,181</u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital		<b>2,640</b>	2,640
Reserves		<b>185,652</b>	227,408
		<u><b>188,292</b></u>	<u>230,048</u>
Equity attributable to owners of the Company		<b>188,292</b>	230,048
Non-controlling interests		<b>(119)</b>	1,166
		<u><b>188,173</b></u>	<u>231,214</u>
<b>Total equity</b>		<u><b>188,173</b></u>	<u>231,214</u>

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>1,876</b>	5,079
Liabilities for long service payments		<b>681</b>	884
Amounts due to related companies		<b>397,072</b>	103,196
Borrowings		–	28,000
Deferred tax liabilities		<b>7,705</b>	11,050
		<u><b>407,334</b></u>	<u>148,209</u>
<b>Current liabilities</b>			
Contract liabilities		<b>65,736</b>	18,880
Trade and other payables	9	<b>318,189</b>	279,004
Lease liabilities		<b>1,380</b>	1,211
Borrowings		<b>499,728</b>	79,047
Tax payables		<b>10,498</b>	14,616
		<u><b>895,531</b></u>	<u>392,758</u>
<b>Total liabilities</b>		<u><b>1,302,865</b></u>	<u>540,967</u>
<b>Total equity and liabilities</b>		<u><b>1,491,038</b></u>	<u>772,181</u>
<b>Net current assets</b>		<u><b>274,175</b></u>	<u>82,238</u>
<b>Total assets less current liabilities</b>		<u><b>595,507</b></u>	<u>379,423</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2022*

### 1. GENERAL INFORMATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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 31 December 2022, 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 (“**Mr. Yu**”), 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 in Hong Kong is Unit 2102-03 & 10-12, 21/F, K. Wah Centre, 191 Java Road, North Point, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the business of (i) building works and construction related business in Hong Kong and the People’s Republic of China (the “**PRC**” or “**China**”); (ii) food and beverage (“**F&B**”) supply chain; (iii) health and wellness; (iv) smart logistic and information system and (v) new energy and engineering, procurement, and construction (“**EPC**”).

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the current year and prior year presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

The preparation of the consolidated financial statements in accordance with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

### 2.2 Changes in accounting policies and disclosures

#### (i) *Amendments to HKFRSs that are mandatorily effective for the current year*

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

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

Revenue, other income and net gains/(loss) recognised during the current year and prior year are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>		
Building works and construction related business	<b>852,663</b>	810,358
Supply chain of F&B	<b>198,669</b>	93,149
Health and wellness	<b>483,997</b>	176,139
Logistics services and information technology development	<b>19,718</b>	6,590
New energy and EPC	<b>58,594</b>	–
	<b><u>1,613,641</u></b>	<b><u>1,086,236</u></b>
<b>Other income and net gains/(loss)</b>		
Interest income	<b>158</b>	97
Business consulting fee	<b>9,173</b>	–
Loss on fair value change of financial assets at fair value through profit or loss	<b>(9,097)</b>	–
Net gain on disposal of property, plant and equipment	–	46
Gain/(loss) on disposal and deemed disposal of subsidiaries	<b>34,959</b>	(908)
Government grants	<b>1,207</b>	536
Operating lease income	<b>845</b>	3,380
Waiver of repayment obligation for a loan	–	37,800
Sundry income	<b>621</b>	462
	<b><u>37,866</u></b>	<b><u>41,413</u></b>



## Segment information

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

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

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

The Group has introduced an additional segment of new energy and EPC during the Reporting Year.

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

### *Segment revenue and results*

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

#### **For the year ended 31 December 2022**

	Building and construction related business <i>HK\$'000</i>	F&B supply chain <i>HK\$'000</i>	Health and wellness <i>HK\$'000</i>	Smart logistic and information system <i>HK\$'000</i>	New energy and EPC <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>REVENUE</b>							
Revenue from external customers	852,663	198,669	483,997	19,718	58,594	-	1,613,641
Inter-segment sales	112,542	-	2,238	-	-	(114,780)	-
	<u>965,205</u>	<u>198,669</u>	<u>486,235</u>	<u>19,718</u>	<u>58,594</u>	<u>(114,780)</u>	<u>1,613,641</u>
<b>RESULT</b>							
Segment (loss)/profit	<u>(43,754)</u>	<u>(783)</u>	<u>(2,697)</u>	<u>1,063</u>	<u>(3,091)</u>	<u>-</u>	<u>(49,262)</u>
Other income and net gains/(loss)							37,866
Unallocated corporation expenses							(14,094)
Finance costs							<u>(5,520)</u>
Loss before income tax							<u><u>(31,010)</u></u>

For the year ended 31 December 2021

	Building and construction related business <i>HK\$'000</i>	F&B Supply chain <i>HK\$'000</i>	Health and wellness <i>HK\$'000</i>	Smart logistic and information system <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>REVENUE</b>						
Revenue from external customers	810,358	93,149	176,139	6,590	-	1,086,236
Inter-segment sales	<u>73,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(73,997)</u>	<u>-</u>
	<u>884,355</u>	<u>93,149</u>	<u>176,139</u>	<u>6,590</u>	<u>(73,997)</u>	<u>1,086,236</u>
<b>RESULT</b>						
Segment profit/(loss)	<u>67,555</u>	<u>(1,982)</u>	<u>(7,266)</u>	<u>(2,373)</u>	<u>-</u>	55,934
Other income and gains/(loss)						41,413
Unallocated corporation expenses						(14,395)
Finance costs						<u>(3,413)</u>
Profit before income tax						<u>79,539</u>

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

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

### *Segment assets and liabilities*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Segment assets</b>		
Building and construction related business	709,377	701,641
F&B supply chain	885	4,048
Health and wellness	40,017	9,081
Smart logistic and information system	18,888	319
New energy and EPC	564,888	–
	<hr/>	<hr/>
Total segment assets	1,334,055	715,089
Unallocated corporate assets	156,983	57,092
	<hr/>	<hr/>
Consolidated total assets	<u>1,491,038</u>	<u>772,181</u>
<b>Segment liabilities</b>		
Building works and construction related business	439,766	483,952
F&B supply chain	1,095	6,025
Health and wellness	39,340	14,432
Smart logistic and information system	11,489	1,506
New energy and EPC	454,771	–
	<hr/>	<hr/>
Total segment liabilities	946,460	505,915
Unallocated corporate liabilities	356,405	35,052
	<hr/>	<hr/>
Consolidated total liabilities	<u>1,302,865</u>	<u>540,967</u>

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

- all assets are allocated to operating segments other than deposit 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.

#### 4. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditors' remuneration	1,580	1,450
Depreciation of property, plant and equipment	7,310	7,542
Depreciation of right-of-use assets	1,998	1,880
Provision for impairment losses on trade receivables	34,160	2,088
(Reversal of)/provision for impairment losses on contract assets	(68)	38
Provision for impairment losses on other receivables and deposits	1,466	146
Rental expense from short-term leases	1,149	1,893
Cost of properties and other inventories sold recognised as an expense	337,477	–
Staff costs (including directors' emoluments)	43,246	49,699
	<u>337,477</u>	<u>49,699</u>

#### 5. INCOME TAX (CREDIT)/EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Hong Kong Profits Tax</b>		
— Current tax	–	–
<b>The PRC Enterprise Income Tax</b>		
— Current tax	2,045	14,771
Deferred tax	(2,727)	4,482
<b>Income tax (credit)/expense</b>	<u>(682)</u>	<u>19,253</u>

## 6. (LOSS)/EARNINGS PER SHARE

	2022	2021
(Loss)/profit attributable to owners of the Company ( <i>HK\$'000</i> )	<u>(27,843)</u>	<u>61,985</u>
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share ( <i>in thousand</i> )	<u>1,056,000</u>	<u>1,056,000</u>
Basic (loss)/earnings per share ( <i>HK cent</i> )	<u>(2.64)</u>	<u>5.87</u>

No diluted (loss)/earnings per share is presented for both years as there was no potential ordinary share outstanding.

## 7. DIVIDENDS

No dividend was proposed or paid by the Board for the year ended 31 December 2022 (2021: Nil).

## 8. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	230,495	146,893
Less: Provision for impairment losses on trade receivables	<u>(36,001)</u>	<u>(2,919)</u>
	<u>194,494</u>	<u>143,974</u>
Other receivables, deposits and prepayments	147,663	51,298
Less: Provision for impairment losses on other receivables and deposits	<u>(1,821)</u>	<u>(473)</u>
	<u>145,842</u>	<u>50,825</u>
	<u><u>340,336</u></u>	<u><u>194,799</u></u>

### Notes:

- (a) The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The credit period granted to customers is generally 7 to 270 days (2021: 7 to 270 days).
- (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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	99,220	61,651
31–60 days	43,344	6,370
61–90 days	10,242	54,801
Over 90 days	<u>77,689</u>	<u>24,071</u>
	<u><u>230,495</u></u>	<u><u>146,893</u></u>

## 9. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	284,606	239,056
Accruals and other payables	<u>33,583</u>	<u>39,948</u>
	<u><u>318,189</u></u>	<u><u>279,004</u></u>

### *Notes:*

- (a) Payment terms granted by suppliers are generally 7 to 270 days (2021: 7 to 270 days) from the invoice date of the relevant purchases.
- (b) The ageing analysis of trade payables based on the invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	166,872	192,721
31–60 days	36,991	14,226
61–90 days	1,750	1,503
Over 90 days	<u>78,993</u>	<u>30,606</u>
	<u><u>284,606</u></u>	<u><u>239,056</u></u>



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

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

The Group is also committed to respond to the PRC national policies with the concept of carbon neutrality, to cultivate the green buildings and new green energy under the Group's existing building and construction related business, devoted to contribute to the development of ecological habitat industry, striving to create a low carbon, energy saving, ecological and environmentally friendly and clean living environment.

China aims to reach the CO<sub>2</sub> emissions peak before 2030 and achieve carbon neutrality before 2060. Prior to setting such goal, China had already invested heavily in energy conservation and emission reduction, and now it's ramping up efforts to achieve the timeline. A deep transformation of the energy system through a combination of decarbonising power generation, electrifying end-use sectors, and switching to low-carbon fuels will not just generate health co-benefits, but are also essential for long-term air quality improvements and better public health.

Carbon neutrality and zero emissions are reshaping investment in unprecedented ways. In the next three decades, the investment scale required to achieve carbon neutrality in China is expected to reach RMB136 trillion, which will bring huge development opportunities for green energy investment. The Group believes that the strategic investment in green buildings and new green energy could expand the Group's business opportunity and broaden its income sources.

In the third quarter of 2022, the Group has begun to seek for new green energy business opportunities in order to obtain higher returns for the shareholders of the Company (the "**Shareholders**"). The Group purchased two fully automatic production lines for photovoltaic modules in September 2022 and commenced in manufacturing and sales of photovoltaic components since December 2022 and the Group is expanding into manufacturing and sales of photovoltaic battery in 2023.

During the Reporting Year, the Group has gradually expanded into the business of new energy and EPC. Satisfactory performance was recorded during the Reporting Year.

As at 31 December 2022, the Group has five main segments, which are (i) building and construction related business; (ii) F&B supply chain; (iii) health and wellness services; (iv) smart logistic and information technology development; and (v) new energy and EPC. We seek to achieve synergistic value amongst the segments in order to obtain higher returns and greater business opportunities for the Group.

### **Building and construction related business**

During the Reporting Year, the revenue from building and construction related business segment was approximately HK\$852.7 million (Previous Reporting Period: approximately HK\$810.4 million), which accounted for approximately 52.8% (Previous Reporting Period: approximately 74.6%) of the Group's total revenue. The increase was mainly due to strong growth in sales volume of construction materials during the Reporting Year.

### **F&B supply chain**

F&B supply chain includes supply chain services of agriculture products, frozen meats and other F&B materials. As at 31 December 2022, the revenue from F&B supply chain segment was approximately HK\$198.7 million (Previous Reporting Period: HK\$93.2 million), which accounted for approximately 12.3% (Previous Reporting Period: 8.6%) of the Group's total revenue. The increase was mainly due to strong growth in sales volume of agricultural products and frozen meats during the Reporting Year.

### **Health and wellness services**

Health and wellness business includes provision of health and wellness services, which include the healthcare consulting and supplying of healthcare products, green food and beauty products. During the Reporting Year, the revenue in health and wellness business was approximately HK\$484.0 million (Previous Reporting Period: HK\$176.1 million), which accounted for approximately 30.0% (Previous Reporting Period: 16.2%) of the Group's total revenue. The increase was mainly due to strong growth in sales volume of green food products during the Reporting Year.

### **Smart logistic and information system**

During the Reporting Year, the revenue in smart logistic and information system segment was approximately HK\$19.7 million (Previous Reporting Period: HK\$6.6 million), which accounted for approximately 1.2% (Previous Reporting Period: 0.6%) of the Group's total revenue. The increase was mainly due to additional smart logistic and lighting works for projects in Yangzhou and Hefei in the PRC during the Reporting Year.

### **New energy and EPC**

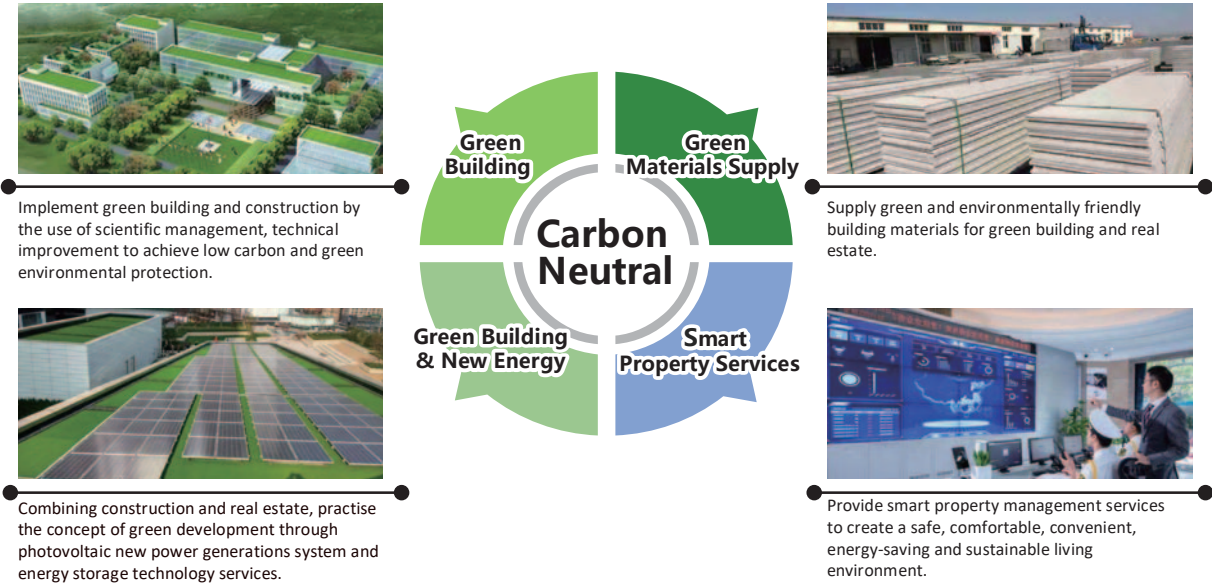
During the Reporting Year, the Group has gradually expanded into the new business of new energy and EPC and this segment recorded a revenue of approximately HK\$58.6 million, which accounted for approximately 3.6% of the Group's total revenue.

### **FUTURE PLANS AND PROSPECTS**

The Company planned to invest in the construction of 10GW of high-efficiency N-type battery and 10GW of advanced component and to commence the production and supply business in Fengtai County. The total investment is expected to occupy around 800–1,200 mu of land. The construction is expected to be carried out in three phases: Phase I construction of the 2GW component and 2GW battery project; Phase II construction of the 3GW battery project; and Phase III construction of 5GW battery and 8GW component project will be forming a photovoltaic industry ecological chain agglomeration. Phase I and Phase II will occupy around 400–500 mu of land. Phase III will occupy around 600–800 mu of land.

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

We seek to seize the green buildings and new green energy business opportunities in order to obtain higher returns for the Shareholders. 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. We are devoted to combine our existing building and construction related business to practise the concept of green development through photovoltaic new power generations system and energy storage technology to create an energy-saving and sustainable living environment.



## FINANCIAL REVIEW

### Revenue

The Group's revenue for the Reporting Year amounted to approximately HK\$1,613.6 million, i.e. about 48.6% more than that of approximately HK\$1,086.2 million for the Previous Reporting Period. The improvement was primarily due to the combined effect of: (i) net increase in revenue from the F&B supply chain segment, which amounted to approximately HK\$198.7 million, which was driven by strong growth in sales volume of agricultural products and frozen meats during the Reporting Year (Previous Reporting Period: HK\$93.1 million); (ii) the increase in revenue from the health and wellness segment, which amounted to approximately HK\$484.0 million, which was driven by strong growth in sales volume of green food products during the Reporting Year (Previous Reporting Period: HK\$176.1 million); and (iii) the increase in revenue from the new energy and EPC segment of approximately HK\$58.6 million in the PRC during the Reporting Year (Previous Reporting Period: HK\$ nil).

	<b>Year ended 31 December 2022 HK\$'000</b>	Year ended 31 December 2021 HK\$'000
Building and construction related business	<b>852,663</b>	810,358
F&B supply chain	<b>198,669</b>	93,149
Health and wellness	<b>483,997</b>	176,139
Smart logistic and information system	<b>19,718</b>	6,590
New energy and EPC	<b>58,594</b>	–
	<b><u>1,613,641</u></b>	<u>1,086,236</u>

### Gross Profit and Gross Profit Margin

The Group's gross profit for the Reporting Year amounted to approximately HK\$31.1 million, representing a decrease of approximately 39.9% as compared with approximately HK\$51.8 million for the Previous Reporting Period. The decrease was mainly due to the increase in construction costs in construction projects in Hong Kong and lower profit margin in sales of construction materials of the building and construction related business and green food products in the health and wellness segment.

## **Other Income and Gains**

The Group's other income and gains for the Reporting Year amounted to approximately HK\$37.9 million, representing a decrease of approximately 8.6% as compared with approximately HK\$41.4 million for the Previous Reporting Period. The decrease was mainly attributable to the one-off waiver of repayment obligation for a loan in the Previous Reporting Period and there is no such waiver of repayment obligation during the Reporting Year.

## **Administrative and Other Operating Expenses**

The Group's administrative and other operating expenses for the Reporting Year amounted to approximately HK\$83.5 million, representing an increase of approximately 76.9% as compared with approximately HK\$47.2 million for the Previous Reporting Period. The increase was mainly due to the costs for the development of the new energy and EPC business segment and an increase in provision for impairment loss on trade and other receivables during the Reporting Year.

## **Income Tax Credit/(Expense)**

The Group's income tax credit for the year ended 31 December 2022 amounted to approximately HK\$0.7 million (for the year ended 31 December 2021: income tax expense of approximately HK\$19.3 million). Such decrease was in line with the decrease in profit during the Reporting Year.

## **Net Loss**

The Group reported a net loss for the Reporting Year of approximately HK\$30.3 million, while the Group reported a net profit of approximately HK\$60.3 million for the Previous Reporting Period. The turnaround from net profit to net loss was primarily attributable to (i) an increase in construction costs in superstructure and construction projects in Hong Kong under the outbreak of the coronavirus disease; (ii) an increase in operating costs in the new photovoltaic project in Fengtai County; and (iii) an increase in provision for impairment losses on trade and other receivables, for the Reporting Year as compared with the Previous Reporting Period.

## **Earnings Before Interest, Taxes, Depreciation and Amortisation (“EBITDA”)**

Non-HKFRS measures are to supplement the Group's financial results which are presented in accordance with HKFRSs. EBITDA is used as an additional financial measure. The Group believes that non-HKFRS measures provide useful information to investors and others to understand and evaluate the Group's consolidated results for the purpose of comparison across accounting periods and with those of our peer companies.

The following table sets forth the Group's non-HKFRSs financial data for the Reporting Year and the Previous Reporting Period:

	<b>Year ended 31 December 2022 HK\$'000</b>	Year ended 31 December 2021 HK\$'000
(Loss)/profit for the year	<b>(30,328)</b>	60,286
Interest income	<b>(158)</b>	(97)
Finance costs	<b>5,520</b>	3,413
Taxation	<b>(682)</b>	19,253
Depreciation	<b>9,308</b>	9,422
	<hr/>	<hr/>
EBITDA	<b>(16,340)</b>	92,277
	<hr/> <hr/>	<hr/> <hr/>

EBITDA for the Reporting Year amounted to a loss of approximately HK\$16.3 million as compared with a profit of approximately HK\$92.2 million for the Previous Reporting Period.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the Reporting Year, the Group funded its liquidity and capital requirements primarily through capital contributions and cash inflow generated from operating activities.

As at 31 December 2022, the Group had cash and bank balances of approximately HK\$614 million (Previous Reporting Period: approximately HK\$50.4 million). The increase was mainly due to the interest-free and unsecured loans from our controlling shareholder and an independent third party of approximately HK\$517 million for the potential development of our photovoltaic project.

As at 31 December 2022, the share capital and equity attributable to owners of the Company amounted to approximately HK\$2.6 million and HK\$185.7 million, respectively (Previous Reporting Period: approximately HK\$2.6 million and HK\$227.4 million, respectively).

The current ratio remained at 1.3 times during the Reporting Year (Previous Reporting Period: 1.2 times).



## **Foreign Exchange Risk**

The Group mainly operates in Hong Kong and the PRC in 2022. 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 since 2022.

## **EMPLOYEES**

The Group had 639 employees (including full-time and casual employees who are paid on a daily basis) as at 31 December 2022 (Previous Reporting Period: 468). 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 Year amounted to approximately HK\$43.2 million (Previous Reporting Period: approximately HK\$49.7 million). The remuneration policy and package of the Group's employees are periodically reviewed. Apart from mandatory provident fund and job training programs, 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 no capital commitments as at 31 December 2022 and 2021.

## **CONTINGENT LIABILITIES**

Our subsidiaries are involved in a number of potential claims relating to employees' compensation cases and personal injuries claims as well as summonses for safety-related incidents in the ordinary course of business as at the date of this announcement. The Directors considered that the possibility of any outflow in settling (i) the potential personal injury claims were remote as these claims were well covered by insurance; and (ii) the summonses will be insignificant to the business of the Group. Accordingly, no provision for the contingent liabilities in respect of the potential personal injury claims and the summonses is necessary after due consideration of each case.

## **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 below table sets out the use of the Net Proceeds and the unutilised amount as at 31 December 2022:

	<b>Original use of the Net Proceeds</b>	<b>Revised use of the Net Proceeds</b>	<b>Unutilised amount as at 31 December 2021</b>	<b>Actual use of the Net Proceeds during the Reporting Year</b>	<b>Unutilised amount as at 31 December 2022</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hiring of additional staff	11,600	11,600	5,258	5,258	–
Acquisition of additional machinery and equipment	54,900	43,900	9,798	9,798	–
General working capital	7,000	18,000	11,000	11,000	–
<b>Total</b>	<b><u>73,500</u></b>	<b><u>73,500</u></b>	<b><u>26,056</u></b>	<b><u>26,056</u></b>	<b><u>–</u></b>

The Net Proceeds have all been utilised according to the intended uses during the Reporting Year.

## **FINAL DIVIDEND**

The Board did not recommend the payment of a final dividend for the Reporting Year (Previous Reporting Period: Nil).

## **EVENTS AFTER THE REPORTING YEAR**

In March 2023, the Company proposed to change the English name of the Company from “Central Holding Group Co. Ltd.” to “Central New Energy Holding Group Limited”, and to adopt the Chinese name “中環新能源控股集團有限公司” as the new dual foreign name of the Company in place of its existing Chinese name “中環控股集團有限公司”. The Company also proposed to amend the existing memorandum and articles of association of the Company. For details, please refer to the announcement of the Company dated 13 March 2023 and the circular of the Company dated 28 March 2023.

Save as mentioned above, there is no significant event after the Reporting Year and up to the date of this announcement.

## **CORPORATE GOVERNANCE CODE**

The Company had applied the principles and all the applicable code provisions (the “**Code Provisions**”) as set out under the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Listing Rules during the Reporting Year and up to the date of this announcement. 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 Year and up to the date of this announcement, 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 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 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 Company and 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 set out in Appendix 10 of the Listing Rules (the “**Model Code**”) as its 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 Year and up to the date of this announcement.

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

## **SHARE OPTION SCHEME**

Pursuant to the written resolutions of the then 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 were summarised in Appendix IV to the prospectus of the Company dated 19 March 2018. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of the Group, and to promote the business of the Group. As at the date of this announcement, the total number of shares available for issue under the Share Option Scheme was 105,600,000 Shares, representing 10% of the entire issued share capital of the Company. No share option had been granted, exercised, cancelled or lapsed since the effective date of the Share Option Scheme and up to the date of this announcement.

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

No purchase, sale or redemption of the Company’s listed securities was made by the Company or any of its subsidiaries during the Reporting Year and up to the date of this announcement.

## **COMPETING INTERESTS**

The Directors have 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 Year and up to the date of this announcement, and that is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

## **AUDIT COMMITTEE REVIEW**

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

The Group’s consolidated financial statements for the Reporting Year have been reviewed and approved by the Audit Committee. The Audit Committee 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 disclosure has been made.

## **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 had maintained a sufficient amount of public float for its Shares as required under the Listing Rules during the Reporting Year and up to the date of this announcement.

## **ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

The annual general meeting (the “AGM”) of the Company will be held on Friday, 16 June 2023. A notice convening the AGM will be issued and sent to the Shareholders in due course in the manner required under the Listing Rules. The register of members of the Company will be closed from Tuesday, 13 June 2023 to Friday, 16 June 2023 (both dates inclusive) during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Monday, 12 June 2023.

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

This results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.chghk.com](http://www.chghk.com). The annual report of the Company for the Reporting Year containing all information required by the Listing Rules will be despatched to the Shareholders and will be published on the websites of both the Stock Exchange and the Company in due course.

By Order of the Board  
**Central Holding Group Co. Ltd.**  
**Yu Zhuyun**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 31 March 2023

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