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Antelope Enterprise Announces First Half 2023 Financial Results

*AEHL's Livestreaming Ecommerce Segment Records 172.5% Revenue Growth
Compared to First Half 2022*

Chengdu, China, October 2, 2023 – Antelope Enterprise Holdings Limited (NASDAQ Capital Market: AEHL) (“Antelope Enterprise”, “AEHL” or the “Company”), which operates KylinCloud, a livestreaming ecommerce business in China with access to 400,000+ hosts and influencers, today announced its financial results for the six months ended June 30, 2023.

First Half 2023 Summary

- Revenue generated from our livestreaming ecommerce business was RMB 305.9 million (US\$ 44.2 million), a 172.5% increase as compared to RMB 112.3 million (US\$ 17.3 million) for the same period of 2022.
- Gross profit generated from our livestreaming ecommerce business was RMB 52.0 million (US\$ 7.5 million), a 1,591.4% increase as compared to RMB 3.1 million (US\$ 0.5 million) for the same period of 2022.
- Loss from operations from our livestreaming ecommerce business was RMB 73,000 (US\$ 11,000), as compared to income from operations of RMB 7.4 million (US\$ 1.1 million) for the same period of 2022.

Will Zhang, Chairman and CEO of Antelope Enterprise, commented, “I am extremely proud of the achievements of our Kylin Cloud team as our first half revenue 2023 is up 172.5% as compared to the same period last year. Our revenue for our livestreaming ecommerce business came in at \$44.2 million for the six months, modestly higher than our top line pre-announcement. Further, if not for certain non-cash expenses, we would have recorded positive operating income for our livestreaming ecommerce segment for the period.”

“As a first mover in the livestreaming ecommerce space in China, Kylin Cloud provides turnkey livestreaming marketing and broadcasting services to consumer brand companies by matching consumer brand products with the appropriate hosts and influencers. We believe that Kylin Cloud has the core competencies to increase its market share in the periods ahead in what we believe is an evolutionary sales channel and as we continue to engage as a pure play in the sector.”

“I believe that we have a tremendous market opportunity ahead of us and am confident that Kylin Cloud’s unique approach will continue to redefine the ecommerce livestreaming landscape. I am

genuinely excited about our value proposition for our customers and am confident that we will create value for our shareholders,” concluded Chairman and CEO Will Zhang.

Six Months Results Ended June 30, 2023

Revenue for the six months ended June 30, 2023 was RMB 309.3 million (US\$ 44.6 million), a 161.5% increase from RMB 118.2 million (US\$ 18.3 million) for the same period of 2022. The increase in revenue was due to RMB 305.9 million (US\$ 44.2 million) in revenue generated from our livestreaming ecommerce business, a 172.5% increase from RMB 112.3 million (US\$ 17.3 million) for the same period of 2022. Our livestreaming ecommerce business **comprised constituted** 99% of first half 2023 total revenue as compared to 83% for the same period of 2022.

Gross profit for the six months ended June 30, 2023 was RMB 47.2 million (US\$ 6.8 million), as compared to RMB 1.9 million (US\$ 0.3 million) for the same period of 2022. The increase in gross profit was due to RMB 52.0 million (US\$ 7.5 million) in gross profit generated from our livestreaming ecommerce business, a 1,591.4% increase from RMB 3.1 million (US\$ 0.5 million) for the same period of 2022. For the first half of 2023, our gross profit margin was 17.0% for the livestreaming ecommerce business as compared to a gross profit margin of 2.7% for the first half of 2022.

Other income for the six months ended June 30, 2023 was RMB 2.8 million (US\$ 0.4 million), as compared to RMB 1.7 million (US \$0.3 million) for the same period of 2022. Other income primarily consists of interest income, currency exchange gains and government grants. For the first half of 2023, we had RMB 0.5 million in interest income, income of RMB 1.2 million attributable to forgiveness of a loan by an affiliate of a shareholder of the Company, a government grant of RMB 0.3 million and other income of RMB 0.8 million.

Selling and distribution expenses for the six months ended June 30, 2023 were RMB 49.2 million (US\$ 7.1 million), as compared to RMB 1.9 million (US\$ 0.3 million) for the same period of 2022. The increase in selling and distribution expenses was primarily due to an increase in travel expenses of RMB 0.1 million, an increase in commission expenses of RMB 2.6 million, and an increase in advertising and promotion expenses of RMB 44.6 million.

Administrative expenses for the six months ended June 30, 2023 were RMB 38.7 million (US\$ 5.6 million), as compared to RMB 6.4 million (US\$ 1.0 million) for the same period of 2022. The increase in administrative expenses was primarily due: (i) an RMB 19.7 million increase in stock compensation expenses, (ii) an RMB 2.8 million increase in payroll expenses, (iii) an RMB 2.6 million increase in professional fees, (iv) an RMB 2.5 million increase in business entertainment and promotion expenses, (v) an RMB 1.4 million increase in audit fees, (vi) an RMB 1.2 million increase in appraisal fees, (vii) an RMB 0.5 million increase in travel expenses, (viii) an RMB 0.3 million increase in our Nasdaq listing fee, (ix) an RMB 0.3 million increase in rent expense, (x) an RMB 0.3 million increase in our annual meeting fee, (xi) an RMB 0.1 million increase in R&D expenses, and (xii) an RMB 0.6 million increase in other G&A expenses due to the increase in revenue from livestreaming ecommerce during the current period.

Bad debt reversal for the six months ended June 30, 2023 was RMB nil million (US\$ nil), as compared to RMB 5.3 million (US\$ 0.8 million) for the same period of 2022. We recognized a loss allowance for an expected credit loss on our financial assets, primarily on trade receivables, which are subject to impairment under IFRS 9, Financial Instruments. The bad debt reversal and previously reported bad debt expense was attributable to our livestreaming ecommerce business.

Loss from continuing operations before taxation for the six months ended June 30, 2023 was RMB 37.9 million (US\$ 5.5 million), as compared to income from continuing operations of RMB 0.58 million (US\$ 90,000) for the same period of 2022. In terms of our livestreaming ecommerce business, loss from continuing operations before taxes was RMB 73,000 (US\$ 11,000) for the first half of 2023 as compared to a income from operations before taxation of RMB 7.4 million (US\$ 1.1 million) for the first half of 2022. The increase in the Company's total net loss from continuing operations was mainly due to the significant increase in operating expenses and the reversal of bad expense that occurred in the first half of 2022 which was partly offset by increased gross profit attributable to our livestreaming ecommerce business that occurred in the first half of 2023 as compared to the same period of 2022.

Loss per basic share and fully diluted share from continuing operation for the six months ended June 30, 2023 were RMB 23.44 (US\$ 3.40), as compared to loss per basic and fully diluted share of RMB 5.14 (US\$ 0.79) for the same period of 2022.

Statements of Selected Financial Position Items for the First half of 2023

- Cash and bank balances were RMB 3.1 million (US\$ 0.4 million) as of June 30, 2023, compared with RMB 3.9 million (US\$ 0.6 million) as of December 31, 2022. As of June 30, 2023, out total outstanding bank loan amounts were nil, but we had a note payable of RMB 9.3 million (US\$ 1.3 million).
- Trade payables turnover of our social and livestreaming ecommerce business was two days as of June 30, 2023 as compared with three days as of December 31, 2022.

Liquidity and Capital Resources

Our cash flow analysis for each of the accounts includes the cash flow transactions of discontinued operations.

Cash flow used in operating activities was RMB 38.6 million (US\$ 5.6 million) for the six months ended June 30, 2023, as compared to cash generated from operating activities of RMB 7.6 million (US\$ 1.2 million) for the same period of 2022. The increase of cash outflow was mainly due to an increase in cash outflow on loan receivables of RMB 32.5 million, an increase in cash outflow on other receivables and prepayments of RMB 15.2 million, decreased cash inflow on trade receivables of RMB 4.9 million, increased cash outflow from trade payables of RMB 4.1 million, and an increase in operating cash outflow before working capital changes of RMB 6.8 million, which were partly offset by a decrease in cash outflow from unearned revenue of RMB 8.7 million, and a decrease in cash outflow of accrued liabilities and other payable of RMB 2.7 million. Also, there was cash inflow from operating activities of RMB 14.1 million and RMB 8.4 million from our discontinued operations.

Cash flow generated from investing activities was RMB 2.2 million (US\$ 0.3 million) for the six months ended June 30, 2023, as compared to cash flow used in investing activities of RMB 8.6 million (US\$ 1.3 million) for the same period of 2022. For the six months ended June 30, 2023, we had cash inflow from an available-for-sale financial asset of RMB 0.9 million, cash inflow from a decrease in restricted cash of RMB 2.1 million which was partly offset by the acquisition of fixed assets of RMB 0.5 million, and a decrease in cash as a result of disposal of subsidiaries of

RMB 0.3 million. For the six months ended June 30, 2022, we experienced cash outflow from the acquisition of fixed assets of RMB 11,000 and an increase in restricted cash of RMB 8.6 million.

Cash flow generated from financing activities was RMB 39.2 million (US\$ 5.7 million) for the six months ended June 30, 2023, as compared to cash flow used in financing activities of RMB 12.0 million (US\$ 1.9 million) in the same period of 2022. For the six months ended June 30, 2023, we generated cash inflow from issuance of share capital for equity financing of RMB 53.1 million and proceeds from an advance from a related party of RMB 0.4 million. For the six months ended June 30, 2022, we generated cash inflow from capital contribution of non-controlling interest of RMB 2.5 million. Also, there was cash outflow from financing activities of RMB 14.3 million and RMB 14.3 million from our discontinued operations.

Divestiture of Ceramic Tile Business

Over the last two years, the Company enacted a corporate transformation to pivot towards high growth technology areas which included the acquisition of a majority position in a livestreaming ecommerce business. In December 2022, the Company's Board of Directors unanimously agreed to divest its legacy ceramic tile building materials business. On December 30, 2022, the Company entered into a share purchase agreement pursuant where it agreed to sell the Company's legacy ceramic tile manufacturing business to New Stonehenge Limited in exchange for a 5% unsecured promissory note with a principal amount of US\$ 8.5 million. The note will mature in four years and the 5% interest and principal amount on the note is to be paid in four annual installments. A special meeting of the Company's shareholders was held on February 21, 2023, and the shareholders approved the sale of this business. On April 28, 2023, this transaction closed and the Company transferred its ownership of the ceramic tile manufacturing business to New Stonehenge Limited which, as a result, assumed all of its assets and liabilities.

Business Outlook

We operate a livestreaming ecommerce business through our Kylin Cloud subsidiary, which comprises most of Antelope Enterprise's ongoing business operations. Kylin Cloud's SaaS+ systems platform strategically matches appropriate hosts and influencers to consumer brand products which results in increased sales for these companies. For the six months end June 30, 2023, Kylin Cloud generated 99% of the Company's total revenue.

Kylin Cloud provides a one-stop solution for consumer product companies to utilize the growing sales channel of livestreaming ecommerce since it heightens consumer engagement and can build brand loyalty through rich content and online interaction. We view ecommerce livestreaming as especially important since traditional ecommerce can be challenged in terms of its ability for brands to stand out and build personal connections with consumers. Kylin Cloud's social media hosts and influencers build trust with consumers which increase brand awareness and drives product sales and increased margins.

In the last few years, livestreaming ecommerce has comprised an ever-increasing percentage of China's ecommerce sales which we expect to continue in the years ahead, spurred by a consumer ecosystem that includes a young demographic and their high usage rate of mobile devices. We believe that Kylin Cloud is unique in the livestreaming space since it utilizes advanced analytics that matches hosts and influencers to consumer brand products which facilitates unique content

for higher conversion rates as compared to traditional ecommerce. We believe that we will be able to capitalize upon this market opportunity in the periods ahead and will grow at a rate that is higher than the growth of the ecommerce livestreaming sector.

This business outlook reflects the Company's current and preliminary views and is based on the information currently available to us, which are subject to change, and is subject to risks and uncertainties, as well as risks and uncertainties identified in the Company's public filings.

Conference Call Information

We will host a conference call at 8:00 am ET on October 2, 2023. Listeners may access the call by dialing 1-877-270-2148 five to ten minutes prior to the scheduled conference call time, and international callers should dial 1-412-902-6510; all callers should ask to join the Antelope Enterprise Holdings Ltd. earnings conference call. A replay of the conference call will be available for 14 days starting from 11:00 am ET on October 2, 2023. To access the replay, dial 1-877-344-7529 and international callers should dial 1-412-317-0088. The replay access code is 1908461.

About Antelope Enterprise Holdings Limited

Antelope Enterprise Holdings Limited holds a 51% ownership position in Hainan Kylin Cloud Services Technology Co., Ltd (“Kylin Cloud”), which operates a livestreaming ecommerce business in China with access to 400,000+ hosts and influencers. For more information, please visit our website at <http://www.aehl-kylin.com/>, or follow the Company on Twitter at https://twitter.com/aehl_ltd. To receive the Company's public announcements, please email investor@aeh ltd.com.

Currency Convenience Translation

The Company's financial information is stated in Renminbi (“RMB”). Translations of amounts from RMB into United States dollars (“US\$”) in this earnings release are solely for the convenience of the readers and were calculated at the rate of US\$1.00 = RMB 7.2513 for balance sheet accounts at the balance sheet date, US\$1.00 = RMB 6.9283 for the P&L accounts for the six months ended June 30, 2023. The exchange rate refers to the historical rate as set forth in the H.10 statistical release published by www.federalreserve.gov on June 30, 2023. Such translations should not be construed as representations that RMB amounts could have been, or could be, converted realized or settled into US\$ at that rate on June 30, 2023 or any other rate.

Safe Harbor Statement

Certain of the statements made in this press release are “forward-looking statements” within the meaning and protections of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause the actual results, performance, capital, ownership or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking

statements. Forward-looking statements in this press release include, without limitation, the continued stable macroeconomic environment in the PRC, the PRC technology sectors continuing to exhibit sound long-term fundamentals, and our ability to continue to grow our business management, information system consulting, and livestreaming ecommerce business. All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as “may,” “will,” “anticipate,” “assume,” “should,” “indicate,” “would,” “believe,” “contemplate,” “expect,” “estimate,” “continue,” “plan,” “point to,” “project,” “could,” “intend,” “target” and other similar words and expressions of the future.

All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary notice, including, without limitation, those risks and uncertainties described in our annual report on Form 20-F for the year ended December 31, 2022 and otherwise in our SEC reports and filings. Such reports are available upon request from the Company, or from the Securities and Exchange Commission, including through the SEC’s Internet website at <http://www.sec.gov>. We have no obligation and do not undertake to update, revise or correct any of the forward-looking statements after the date hereof, or after the respective dates on which any such statements otherwise are made.

FINANCIAL TABLES

ANTELOPE ENTERPRISE HOLDINGS., LTD AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of June 30, 2023 (Unaudited)		As of Dec. 31, 2022
	USD'000	RMB'000	RMB'000
ASSETS AND LIABILITIES			
NONCURRENT ASSETS			
Property and equipment, net	183	1,327	1,006
Intangible assets, net	1	5	6
Right-of-use assets, net	-	-	469
Note Receivable	8,101	58,744	-
Total noncurrent assets	8,285	60,076	1,481
CURRENT ASSETS			
VAT receivables	64	463	142
Due from related party	33	242	-

Loan receivable	4,478	32,470	-
Other receivables and prepayments	3,828	27,759	19,180
Available-for-sale financial assets	1,055	7,651	8,523
Restricted cash	-	-	2,069
Cash and bank balances	433	3,140	3,936
Total current assets	9,891	71,725	33,850
Assets classified as held for sale	-	-	74,675
Total assets	18,176	131,801	110,006
CURRENT LIABILITIES			
Trade payables	358	2,594	3,079
Accrued liabilities and other payables	118	856	799
Unearned revenue	54	391	-
Note payable	1,278	9,268	
Amounts owed to related parties	18	131	1,291
Lease liabilities	-	-	328
Taxes payable	11	77	582
Total current liabilities	1,836	13,317	6,079
NET CURRENT ASSETS	8,055	58,408	27,771
NONCURRENT LIABILITIES			
Lease liabilities	-	-	157
Notes payable	-	-	8,775
Total noncurrent liabilities	-	-	8,932
Liabilities directly associated with assets classified as held for sale	-	-	88,530

Total liabilities	<u>1,836</u>	<u>13,317</u>	<u>103,541</u>
NET ASSETS	<u>16,340</u>	<u>118,484</u>	<u>6,465</u>
EQUITY			
Share capital	487	3,532	1,288
Reserves	15,111	109,571	(241)
Noncontrolling interest	742	5,381	5,418
Total equity	<u>16,340</u>	<u>118,484</u>	<u>6,465</u>

ANTELOPE ENTERPRISE HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	<u>For the six months ended June 30,</u>		
	<u>2023</u>		<u>2022</u>
	<u>USD'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Net sales	44,636	309,250	118,246
Cost of goods sold	<u>37,824</u>	<u>262,055</u>	<u>116,340</u>
Gross profit	<u>6,812</u>	<u>47,195</u>	<u>1,906</u>
Other income	409	2,831	1,682
Selling and distribution expenses	(7,100)	(49,194)	(1,876)
Administrative expenses	(5,588)	(38,715)	(6,405)
Bad debt reversal	-	-	5,293
Finance costs	-	-	(14)
Other expenses	<u>-</u>	<u>-</u>	<u>(4)</u>
Income (loss) before taxation	(5,468)	(37,883)	582

Income tax expense	0.3	2	83
Net income (loss) for the period from continuing operations	(5,468)	(37,885)	499
Discontinued operations			
Gain on disposal of discontinued operations	10,659	73,846	-
Loss for the period from discontinued operations	(200)	(1,385)	(26,245)
Net income (loss) for the period	<u>4,991</u>	<u>34,576</u>	<u>(25,746)</u>
Net income (loss) attributable to:			
Equity holders of the Company	4,996	34,613	(29,335)
Non-controlling interest	<u>(5)</u>	<u>(37)</u>	<u>3,589</u>
Net income (loss) for the period	<u>4,991</u>	<u>34,576</u>	<u>(25,746)</u>
Net income (loss) attributable to the equity holders of the Company arise from:			
Continuing operations	<u>(5,463)</u>	<u>(37,848)</u>	<u>(3,090)</u>
Discontinued operations	<u>10,459</u>	<u>72,461</u>	<u>(26,245)</u>
Loss per share attributable to the equity holders of the Company			
Basic (RMB)			
-- from continuing operations	<u>(3)</u>	<u>(23.44)</u>	<u>(5.14)</u>
-- from discontinued operations	<u>6</u>	<u>44.88</u>	<u>(43.65)</u>
Diluted (RMB)			
-- from continuing operations	<u>(3.4)</u>	<u>(23.44)</u>	<u>(5.14)</u>
-- from discontinued operations	<u>6</u>	<u>36.51</u>	<u>(43.65)</u>

Note: For operating segment information, please reference recent filings with the Securities and Exchange Commission, including through the SEC's Internet website at <http://www.sec.gov>.

ANTELOPE ENTERPRISE HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the six months ended June 30,		
	2023	2023	2022
	USD'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income (loss) before taxation	5,191	35,963	582
Adjustments for			
Operating lease charge	-	-	163
Depreciation of property, plant and equipment	26	179	126
Gain on disposal of subsidiaries	(10,659)	(73,846)	-
Loan forgiveness by related party	(167)	(1,160)	-
Loss on convertible note	5	34	-
Reversal of bad debt of trade receivables	-	-	(5,293)
Share based compensation	4,115	28,510	1,025
Interest expense on lease liability	-	-	14
Amortization of OID of convertible note	22	151	-
Operating cash flows before working capital changes	(1,468)	(10,169)	(3,383)
Decrease in trade receivables	-	-	4,952
Decrease (Increase) in other receivables and prepayments	(1,325)	(9,177)	6,054
Increase in loan receivables	(4,687)	(32,470)	-
Increase (Decrease) in trade payables	(70)	(485)	3,565
Increase (Decrease) in unearned revenue	56	391	(8,357)
Decrease in taxes payable	(106)	(734)	(942)
Increase (Decrease) in accrued liabilities and other payables	8	56	(2,647)
Cash generated from (used in) operations	(7,590)	(52,588)	(758)

Interest paid	-	-	-
Income tax paid	(14)	(95)	(25)
Net cash generated from operating activities from discontinued operations	<u>2,038</u>	<u>14,118</u>	<u>8,406</u>
Net cash generated from (used in) operating activities	(5,566)	(38,565)	7,623
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of fixed assets	(72)	(500)	(11)
Acquisition of intangible assets	-	-	(6)
Decrease in available-for-sale financial asset	126	872	-
Decrease (Increase) in restricted cash	299	2,069	(8,550)
Cash disposed as a result of disposal of subsidiaries	(37)	(256)	-
Net cash used in investing activities from discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>
Net cash generated from (used in) investing activities	<u>315</u>	<u>2,185</u>	<u>(8,567)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment for lease liabilities	-	-	(177)
Insurance of share capital for equity financing	7,661	53,075	-
Increase of additional paid in capital	-	-	2,450
Advance from related parties	56	387	-
Net cash used in financing activities from discontinued operations	<u>(2,064)</u>	<u>(14,303)</u>	<u>(14,303)</u>
Net cash generated from (used in) financing activities	<u>5,652</u>	<u>39,159</u>	<u>(12,030)</u>
NET INCREASE (DECREASE) IN CASH & EQUIVALENTS	401	2,779	(12,974)
CASH & EQUIVALENTS, BEGINNING OF PERIOD (INCLUDING CASH CLASSIFIED AS HELD FOR SALE OF RMB 306,000)	615	4,242	27,880
EFFECT OF FOREIGN EXCHANGE RATE DIFFERENCES	<u>(583)</u>	<u>(3,881)</u>	<u>97</u>
CASH & EQUIVALENTS, END OF PERIOD	<u>433</u>	<u>3,140</u>	<u>15,003</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:			

Cash and cash equivalents	<u>433</u>	<u>3,140</u>	<u>11,807</u>
Cash and cash equivalents included in assets classified as held for sale	<u>-</u>	<u>-</u>	<u>3,196</u>

Source: Antelope Enterprise Holdings Ltd.

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