



**中國基礎能源控股有限公司**  
**China Primary Energy Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8117)**

## **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022**

### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors (the “Directors”) of **CHINA PRIMARY ENERGY HOLDINGS LIMITED** (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

**HIGHLIGHTS**

Total revenue was approximately HK\$134,325,000 for the nine months ended 30 September 2022 (nine months ended 30 September 2021: approximately HK\$83,621,000), representing an increase of approximately 60.6% from the corresponding period of last year.

Loss attributable to owners of the Company amounted to approximately HK\$23,824,000 (nine months ended 30 September 2021: loss of approximately HK\$11,014,000).

The Board does not recommend the payment of any interim dividend for the nine months ended 30 September 2022 (nine months ended 30 September 2021: Nil).

**UNAUDITED RESULTS**

The board of Directors (the “Board”) of China Primary Energy Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the nine months ended 30 September 2022 together with the comparative figures as follows. The consolidated third quarterly financial statements of the Group have not been audited but have been reviewed by the audit committee of the Company.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Three months ended 30 September		Nine months ended 30 September	
		2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	2	24,454	21,398	134,325	83,621
Other income and gains and losses	3	747	498	1,162	494
Changes in inventories of finished goods		(16,595)	(13,769)	(101,796)	(53,989)
Staff costs, including directors' remuneration		(5,636)	(5,193)	(16,247)	(15,998)
Depreciation		(4,216)	(4,759)	(12,847)	(12,639)
Amortisation of other intangible assets		(95)	(95)	(284)	(284)
Gain on disposal of equity interests in subsidiaries		-	13,016	-	13,016
Reversal of impairment loss on trade receivables, net		-	-	-	62
Other operating expenses	5	(6,515)	(5,776)	(19,726)	(16,280)
Finance costs	4	(4,183)	(3,382)	(10,769)	(8,975)
(Loss)/profit before income tax	5	(12,039)	1,938	(26,182)	(10,972)
Income tax	6	-	-	-	-
(Loss)/profit for the period		<u>(12,039)</u>	<u>1,938</u>	<u>(26,182)</u>	<u>(10,972)</u>
Attributable to:					
Owners of the Company		(9,818)	2,467	(23,824)	(11,014)
Non-controlling interests		(2,221)	(529)	(2,358)	42
(Loss)/profit for the period		<u>(12,039)</u>	<u>1,938</u>	<u>(26,182)</u>	<u>(10,972)</u>

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2022	2021	2022	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		<u>(21,513)</u>	<u>63</u>	<u>(39,660)</u>	<u>4,167</u>
Other comprehensive income for the period		<u>(21,513)</u>	<u>63</u>	<u>(39,660)</u>	<u>4,167</u>
Total comprehensive income for the period		<u><u>(33,552)</u></u>	<u><u>2,001</u></u>	<u><u>(65,842)</u></u>	<u><u>(6,805)</u></u>
Total comprehensive income attributable to:					
Owners of the Company		<u>(29,208)</u>	<u>2,526</u>	<u>(59,462)</u>	<u>(7,177)</u>
Non-controlling interests		<u>(4,344)</u>	<u>(525)</u>	<u>(6,380)</u>	<u>372</u>
		<u><u>(33,552)</u></u>	<u><u>2,001</u></u>	<u><u>(65,842)</u></u>	<u><u>(6,805)</u></u>
(Losses)/earnings per share	8				
– Basic		<u><u>HK\$(0.012)</u></u>	<u><u>HK\$0.002</u></u>	<u><u>HK\$(0.026)</u></u>	<u><u>HK\$(0.011)</u></u>
– Diluted		<u><u>HK\$(0.012)</u></u>	<u><u>HK\$0.002</u></u>	<u><u>HK\$(0.026)</u></u>	<u><u>HK\$(0.011)</u></u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

The Company is a limited liability company incorporated in the Cayman Islands, as an exempted company under the Companies Law (2001 Revision) of the Cayman Islands on 5 September 2001. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Room 518, 5/F, Tower B, New Mandarin Plaza, 14 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong. The Company's shares are listed on the GEM of the Stock Exchange.

The principal activity of the Company is investment holding. The Group engages in the transmission and distribution of natural gas, sales of heat and biomass gasification related products and property investment primarily in the People's Republic of China ("PRC").

The unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), Hong Kong Accounting Standards ("HKASs") and interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. The financial statements have been prepared under the historical cost convention except for certain financial instruments, which are measured at fair values.

The unaudited condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The accounting policies adopted in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

In this reporting period, the Group had applied for the first time, a number of new HKFRSs issued by the HKICPA that are effective for accounting periods beginning on or after 1 January 2022. The adoption of the new HKFRSs has had no material effect on how the results and financial position for the current or prior accounting periods as prepared and presented.

## 2. REVENUE

An analysis of the Group's revenue is as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customers				
Transmission and distribution of natural gas	<b>12,988</b>	12,347	<b>102,338</b>	62,916
Sale of heat and biomass gasification related products	<b>7,765</b>	4,875	<b>20,790</b>	8,687
Revenue from other sources				
Gross rental income	<b>3,701</b>	4,176	<b>11,197</b>	12,018
	<b>24,454</b>	21,398	<b>134,325</b>	83,621

## 3. OTHER INCOME AND GAINS AND LOSSES

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Bank interest income	<b>48</b>	32	<b>86</b>	42
Sundry income	<b>718</b>	495	<b>1,515</b>	570
Exchange losses, net	-	-	<b>(390)</b>	-
Fair value loss on investments held for trading	<b>(19)</b>	(29)	<b>(49)</b>	(118)
	<b>747</b>	498	<b>1,162</b>	494

## 4. FINANCE COSTS

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings	<b>2,982</b>	2,204	<b>7,265</b>	5,935
Interest on loans from a major shareholder	<b>1,155</b>	1,070	<b>3,369</b>	2,851
Interest on lease liabilities	<b>46</b>	108	<b>135</b>	189
	<b>4,183</b>	3,382	<b>10,769</b>	8,975

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

(Loss)/profit before income tax is arrived at after charging:

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment				
– owned	3,264	3,032	10,687	7,463
– right-of-use assets	952	1,727	2,160	5,176
	<u>4,216</u>	<u>4,759</u>	<u>12,847</u>	<u>12,639</u>
Items included in other operating expenses:				
Short-term lease expenses	265	238	814	908
Building management fees for self-used office premises	89	234	257	683
Investment property management fees	707	1,071	2,313	3,446
Entertainment and trip expenses	1,144	798	3,300	2,481
Legal and professional fees	144	349	897	372
Motor vehicle expenses	824	557	2,407	1,740
Other tax expenses	1,093	993	2,662	2,901
	<u>1,093</u>	<u>993</u>	<u>2,662</u>	<u>2,901</u>

## 6. INCOME TAX

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total income tax (credit)/expense for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

No provision has been made for Hong Kong profits tax as the Group has no assessable profit arising from Hong Kong subsidiaries during the current and prior periods.

In accordance with the PRC Enterprise Income Tax Law approved by the National People's Congress on 16 March 2007 and became effective from 1 January 2008, the Company's subsidiaries in the PRC are subject to enterprise income tax ("EIT") at the unified EIT rate of 25%.

Income tax for the period can be reconciled to accounting (loss)/profit, at applicable tax rates:

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit before income tax	<u>(12,039)</u>	<u>1,938</u>	<u>(26,182)</u>	<u>(10,972)</u>

## 7. DIVIDEND

The board of directors does not recommend the payment of any dividend for the nine months ended 30 September 2022 (nine months ended 30 September 2021: Nil).

## 8. (LOSSES)/EARNINGS PER SHARE

The calculation of the basic and diluted (losses)/earnings per share attributable to owners of the Company is based on the following data:

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Losses)/earnings				
(Losses)/earnings for the period attributable to owners of the Company	<u>(9,818)</u>	<u>2,467</u>	<u>(23,824)</u>	<u>(11,014)</u>

  

	Three months ended		Nine months ended	
	30 September		30 September	
	Number of shares		Number of shares	
	2022	2021	2022	2021
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	<u>1,023,987</u>	<u>1,023,987</u>	<u>1,023,987</u>	<u>1,023,987</u>

The computation of diluted (losses)/earnings per share for the nine months ended 30 September 2022 and 2021 does not assume the exercise of the Company's outstanding share options during the periods since their exercise price exceeds average market price during 2022 and 2021.

Accordingly, the basic and diluted (losses)/earnings per share for the nine months ended 30 September 2022 and 2021 are the same.



## 9. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the Company										
	Share capital HK\$'000	Share premium account HK\$'000	Statutory surplus reserve HK\$'000	Exchange translation reserve HK\$'000	Share option reserve HK\$'000	Property revaluation reserve HK\$'000	Financial assets at FVTOCI reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>Balance at 31 December 2020 and at 1 January 2021 (audited)</b>	63,999	727,375	5,109	41,875	24,066	34,512	206	(576,068)	321,074	16,607	337,681
Loss for the period	-	-	-	-	-	-	-	(11,014)	(11,014)	42	(10,972)
Other comprehensive income:											
Exchange differences on translation of foreign operations	-	-	-	3,837	-	-	-	-	3,837	330	4,167
Total comprehensive income	-	-	-	3,837	-	-	-	(11,014)	(7,177)	372	(6,805)
Capital contribution to a non-wholly owned subsidiary by a non-controlling Shareholder	-	-	-	-	-	-	-	-	-	22,498	22,498
<b>Balance at 30 September 2021 (unaudited)</b>	<u>63,999</u>	<u>727,375</u>	<u>5,109</u>	<u>45,712</u>	<u>24,066</u>	<u>34,512</u>	<u>206</u>	<u>(587,082)</u>	<u>313,897</u>	<u>39,477</u>	<u>353,374</u>

	Equity attributable to owners of the Company										
	Share capital HK\$'000	Share premium account HK\$'000	Statutory surplus reserve HK\$'000	Exchange translation reserve HK\$'000	Share option reserve HK\$'000	Property revaluation reserve HK\$'000	Financial assets at FVTOCI reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>Balance at 31 December 2021 and at 1 January 2022 (audited)</b>	63,999	727,375	5,109	51,224	24,066	34,512	1,210	(584,109)	323,386	42,807	366,193
Loss for the period	-	-	-	-	-	-	-	(23,824)	(23,824)	(2,358)	(26,182)
Other comprehensive income:											
Exchange differences on translation of foreign operations	-	-	-	(35,638)	-	-	-	-	(35,638)	(4,022)	(39,660)
Total comprehensive income	-	-	-	(35,638)	-	-	-	(23,824)	(59,462)	(6,380)	(65,842)
Capital contribution to a non-wholly owned subsidiary by a non-controlling shareholder	-	-	-	-	-	-	-	-	-	1,807	1,807
<b>Balance at 30 September 2022 (unaudited)</b>	<u>63,999</u>	<u>727,375</u>	<u>5,109</u>	<u>15,586</u>	<u>24,066</u>	<u>34,512</u>	<u>1,210</u>	<u>(607,933)</u>	<u>263,924</u>	<u>38,234</u>	<u>302,158</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND FUTURE OUTLOOK**

Total revenue of the Group for the nine months ended 30 September 2022 increased when compared to the corresponding period in 2021. Such increase was mainly due to increase in demand of natural gas in early 2022 and the contribution of the new biomass gasification heating business in 2022. With the quick recovery from the impact of COVID-19 (the “Pandemic”) of the People’s Republic of China (the “PRC”), our businesses in the PRC were benefited and were growing steadily. Moreover, the increase in demand of the clean energy in the PRC was an important factor that motivated the growth of the natural gas business.

The natural gas business is still the core business of the Group. Operating scale of the natural gas business segment continued to be stable in 2022. The government of the PRC has implemented the policies to encourage the use of clean energy in the PRC and the board (the “Board”) of directors (the “Director(s)”) considered the prospect of natural gas business is bright. Those policies included the process to change the use of petrol and oil to natural gas for vehicles and industrial users, the set up of the natural gas network department, etc. The Group operated the natural gas business in various areas and provinces in the PRC in 2022. Our customers are mostly industrial customers.

The Group has commenced its operation of the biomass gasification heating plant and facilities in Huaining County, Anhui Province in last year. This is a new segment of the clean energy business. With the great demand of heat supply in the relevant area in Huaining County, the Group expect the segment will generate considerable revenue for the Group. Since the factory construction and operation was not in full scale, the revenue generated was not able to cover the operating costs yet. At such, loss incurred in 2022 so far for this segment. The situation will be improved with the proceed of the construction.

The property investment business in Yichang provide stable cash inflow during the period under review. The area of our investment properties is the industrial park for manufacturing of vehicle which was developed by the Yichang government. Therefore, all of our tenants are manufacturers of vehicle parts. Since the industry is supported and developed by the Yichang government, we believe the property investment business will continue to be one of the major segments of the Group.

The outbreak of the Pandemic continued to affect the global economy and to most of the industries. The global economy was significantly affected. Luckily, the impact of the Pandemic to the Group is not so direct and significant as our business of natural gas distribution and property investment relied more on customers’ internal demand and natural gas is necessity. Nevertheless, the Company will closely monitor the situation and assess if there is any impact on the Group’s operations and operating results.

In view of the unstable global economy, the Board and management will be more careful and prudent in managing the operations of the Group. In the meantime, the Board has been exploring possible investing opportunities to increase the Company’s value.

## **FINANCIAL REVIEW**

Total revenue was approximately HK\$134,325,000 for the nine months ended 30 September 2022, which represented an increase of approximately 60.6% when compared with approximately HK\$83,621,000 in the corresponding period of last year's total revenue. The Board believes that revenue of the Group will be improved with the growing of the clean energy business.

For the nine months ended 30 September 2022, unaudited loss before income tax was approximately HK\$26,182,000 (nine months ended 30 September 2021: loss of approximately HK\$10,972,000). The loss attributable to owners of the Company was approximately HK\$23,824,000 (nine months ended 30 September 2021: loss of approximately HK\$11,014,000). The loss was increased when compared to the corresponding period of last year because of increase in operating expenses of certain segments of the Group. In the current economic environment, the Board will continue to exercise stringent cost control and maintain a low and effective overheads structure and prudently utilise the Group's corporate resources to create wealth for the shareholders.

## **BUSINESS OUTLOOK AND PROSPECTS**

From 2022 onwards, the Board is optimistic that the Group will perform much better with the expansion of the energy segment. Currently, the energy segment mainly consists of the natural gas business and biomass gasification heating business. The Group has developed a natural gas sales network of certain scale. The network is still expanding and with the clean energy policy carried out by the PRC government, the management believes the natural gas business will grow steadily under the current economic environment and significant revenue will be contributed by the natural gas business. The energy segment will expand and continue to be the core business segment of the Group.

The land and properties in Yichang will continue to be let out to generate rental income.

### **Liquidity and financial resources**

As at 30 September 2022, the Directors anticipated that the Group has adequate financial resources to meet its ongoing operations and future development.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

As at 30 September 2022, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

The approximate percentage of interests set out below is based on 1,023,987,439 ordinary shares in issue as at 30 September 2022.

Long position in the ordinary shares of HK\$0.0625 each in the Company as at 30 September 2022:

<b>Name of Directors</b>	<b>Number of ordinary shares held</b>		<b>Approximate percentage of interests</b>
	<b>Type of interests</b>	<b>Number of ordinary shares</b>	
Ms. Ma Zheng	Beneficial	371,301,632	36.26%
Mr. Yuan Geng	Beneficial	20,350,633	1.99%

Save as disclosed above, as at 30 September 2022, none of the Directors and chief executive of the Company had any other interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations, within the meaning of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

## **SHARE OPTION**

On 8 May 2012, a share option scheme (the “Old Share Option Scheme”) was adopted by the shareholders of the Company. The Old Share Option Scheme is valid and effective for a period of ten years commencing on the date on which it was adopted. The Old Share Option Scheme expired on 8 May 2022. Therefore, all the 159,268,743 outstanding options granted under the Old Share Option Scheme were lapsed.

A new share option scheme (the “New Share Option Scheme”) was adopted by the shareholders of the Company at the annual general meeting of the Company (the “AGM”) held on 17 May 2022 (the “Adoption Date”). There is no material difference in terms between the Old Share Option Scheme and the New Share Option Scheme.

The New Share Option Scheme which complies with Chapter 23 of the GEM Listing Rules. The New Share Option Scheme is valid and effective for a period of ten years commencing on the Adoption Date.

The purpose of the New Share Option Scheme is to provide incentives and/or rewards to Eligible Participants (as defined below) for their contribution to the growth of the Group and continuing efforts to promote the interests of the Group, and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Eligible Participants.

The definition of Eligible Participants in the New Share Option Scheme include full time or part time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any subsidiary) and any suppliers, consultants, agents and advisers who, in the reasonable discretion of the Board, has contributed or may contribute to the Group eligible for options (the “Options”) under the New Share Option Scheme.

Whilst the scope of the Eligible Participants does not limit to the employees and directors of the Group, the Company considers that there can be circumstances when the other Eligible Participants would make contribution to the Group. As the purpose of the New Share Option Scheme is to recognize contributions made and to be made to the growth and development of the Group, the Company is of the view that the wide scope of Eligible Participants will allow flexibility to provide incentives to those Eligible Participants who will contribute to the Group. Granting Options to suppliers and agents of the Group will assist the Group to build its business network and consultants and advisers of the Group may provide valuable advices to the Group and they can be eligible to the Options in light of such advices. The Company will not grant Options to persons who would not or may not contribute to the Group.

The rules of the New Share Option Scheme provide that the Company may specify the Eligible Participants to whom Options shall be granted, the number of Shares subject to each Option and the date on which the Options shall be granted. The basis for determining the subscription price is also specified precisely in the rules of the New Share Option Scheme. There is no performance target specified in the New Share Option Scheme. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Eligible Participants to acquire proprietary interests in the Company.

As at 31 March 2022, being the latest practicable date prior to the printing of the circular dated 1 April 2022, the Company has 1,023,987,439 issued Shares. The number of Shares issuable pursuant to the New Share Option Scheme was 102,398,743 Shares, representing 10% of the number of issued share capital of the Company as at 31 March 2022.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the New Share Option Scheme at the AGM, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and another other schemes must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date unless the Company obtains a fresh approval from Shareholders to renew the 10% Scheme Mandate Limit (as defined in the New Share Option Scheme) on the basis that the maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme together with any Options outstanding and yet to be exercised under the New Share Option Scheme and any other schemes shall not exceed 30% of the issued share capital of the Company from time to time. Having taken into accounts of the outstanding Options, which are less than 10% of the total number of shares in issue, the Company is of the view that the 30% threshold requirement can be met.

No Options were granted by the Company and no Options were exercised or lapsed during the period under review.

A circular containing, among other things, further details of the New Share Option Scheme has been dispatched to the shareholders of the Company on 1 April 2022.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30 September 2022, the Company had been notified that the following substantial shareholders having the following interests and short positions, being 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, in the Company. These interests are shown in addition to those disclosed above in respect of the Directors and chief executives:

The approximate percentage of interests set out below is based on 1,023,987,439 ordinary shares in issue as at 30 September 2022.

Long position in the ordinary shares of HK\$0.0625 each in the Company as at 30 September 2022:

Name of shareholders	Type of interests	Number of the shares held	Approximate percentage of interests
Ms. Guo Xiuqin	Corporate	123,867,678	12.10%
Tung Shing Energy Investment Limited	Corporate	123,867,678	12.10%
Excel Sino Investments Limited	Beneficial ( <i>Note 1</i> )	123,867,678	12.10%
Mr. Ji Shengzhi	Corporate	110,000,000	10.74%
Ms. Lu Ke	Corporate	110,000,000	10.74%
Ultra Vantage Holdings Limited	Beneficial ( <i>Note 2</i> )	110,000,000	10.74%
萬科企業股份有限公司	Corporate	93,089,767	9.09%
成都萬科房地產有限公司	Corporate	93,089,767	9.09%
Chogori Investment (Hong Kong) Limited	Corporate	93,089,767	9.09%
Winsteria (BVI) Company Limited	Corporate	93,089,767	9.09%
Winmaxi (BVI) Company Limited	Beneficial ( <i>Note 3</i> )	93,089,767	9.09%

*Notes:*

1. Excel Sino Investments Limited, a company incorporated in the British Virgin Islands with limited liability, is beneficially owned as to 80% by Tung Shing Energy Investment Limited, a company incorporated in the British Virgin Islands (which in turn is 100% beneficially owned by Ms. Guo Xiuqin), and as to the remaining 20% by an independent investor. Tung Shing Energy Investment Limited and Ms. Guo Xiuqin are deemed to be interested in these underlying shares under SFO.
2. Ultra Vantage Holdings Limited, a company incorporated in Samoa with limited liability, is jointly owned by Ms. Lu Ke and Mr. Ji Shengzhi. Ms. Lu Ke and Mr. Ji Shengzhi are deemed to be interested in these underlying shares under SFO.
3. Winmaxi (BVI) Company Limited (“Winmaxi”) is a company incorporated in the British Virgin Islands with limited liability and is a subsidiary of China Vanke Co., Ltd.# (萬科企業股份有限公司), a company listed on The Stock Exchange of Hong Kong Limited.

Winmaxi is wholly-owned by Winsteria (BVI) Company Limited, which in turn is wholly-owned by Chogori Investment (Hong Kong) Limited, which in turn is wholly-owned by 成都萬科房地產有限公司, while 成都萬科房地產有限公司 is a controlling subsidiary of 萬科企業股份有限公司.

Save as disclosed above, as at 30 September 2022, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares and underlying shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or who had an interest, directly or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or any other substantial shareholders whose interests or short position were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **DIRECTORS’ RIGHTS TO ACQUIRE SHARES**

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## **COMPETITION AND CONFLICT OF INTERESTS**

During the period under review, none of the Directors, significant shareholders, substantial shareholders and any of their respective associates had engaged in any business that competed or might compete directly or indirectly, with the business of the Group, or had or might have any other conflicts of interest with the Group.



## **AUDIT COMMITTEE**

The Company established an audit committee (the “Audit Committee”) with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provisions D.3.3 and D.3.7 of the Corporate Governance Code. The primary role and function of the Audit Committee, among other things, are to (i) review the financial controls, internal controls and risk management systems of the Group; (ii) review and monitor the external auditors’ independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; and (iii) review the financial statements and the quarterly, interim and annual reports of the Group. During the period under review, the Audit Committee comprises three members, Mr. Wan Tze Fan Terence, Mr. Chung Chin Keung and Mr. Wang Xiao Bing who are the independent non-executive Directors of the Company. The Audit Committee has reviewed the Group’s unaudited results for the nine months ended 30 September 2022 and has provided advice and comments thereon.

## **REMUNERATION COMMITTEE**

The remuneration committee of the Company (the “Remuneration Committee”) was established on 1 June 2005. The primary role and function of the Remuneration Committee is to consider and recommend to the Board on the Group’s remuneration policy and structure for the remuneration of all executive Directors and senior management and to review and determine the remuneration packages of the executive Directors and senior management. During the period under review, the Remuneration Committee comprises three members, Mr. Chung Chin Keung, Mr. Wan Tze Fan Terence and Mr. Wang Xiao Bing who are the independent non-executive Directors of the Company.

## **NOMINATION COMMITTEE**

The nomination committee of the Company (the “Nomination Committee”) was established on 22 March 2012. The primary role and function of the Nomination Committee, among other things, are to (i) review the structure, size and composition of the Board at least once a year and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy; (ii) assess the independence of the independent non-executive Directors; and (iii) make recommendations to the Board on appointment and re-appointment of Directors. During the period under review, the Nomination Committee comprises three members, Mr. Chung Chin Keung, Mr. Wan Tze Fan Terence and Mr. Wang Xiao Bing who are the independent non-executive Directors of the Company.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

The Company had not redeemed any of its ordinary shares during the nine months ended 30 September 2022. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's ordinary shares during the nine months ended 30 September 2022.

By Order of the Board  
**China Primary Energy Holdings Limited**  
**Ma Zheng**  
*Chairman*

Hong Kong, 9 November 2022

# *For identification only*

*As at the date of this announcement, the Board comprises Ms. MA Zheng and Mr. YUAN Geng who are the executive Directors, Mr. JI Jianghua who is the non-executive Director, and Mr. WAN Tze Fan Terence, Mr. CHUNG Chin Keung and Mr. WANG Xiao Bing who are the independent non-executive Directors.*

*This announcement will remain on the "Latest Listed Company Information" page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its publication and on the Company's designated website at <http://china-p-energy.etnet.com.hk>.*