



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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2023

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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\$66,535,000 for the three months ended 31 March 2023 (three months ended 31 March 2022: approximately HK\$75,740,000), representing a decrease of approximately 12% from the corresponding period of last year.

Loss attributable to owners of the Company amounted to approximately HK\$1,904,000 (three months ended 31 March 2022: loss of approximately HK\$2,505,000).

The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2023 (three months ended 31 March 2022: 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 three months ended 31 March 2023 together with the comparative figures as follows. The consolidated first 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

		Three months ended	
		31 March	
		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	66,535	75,740
Other income and gains and losses	3	1,294	(16)
Changes in inventories of finished goods		(49,976)	(55,740)
Staff costs, including directors' remuneration		(6,794)	(5,700)
Depreciation		(3,608)	(4,509)
Amortisation of other intangible assets		(95)	(95)
Other operating expenses	5	(5,353)	(6,501)
Finance costs	4	(3,399)	(3,343)
Loss before income tax	5	(1,396)	(164)
Income tax	6	—	—
Loss for the period		(1,396)	(164)
Attributable to:			
Owners of the Company		(1,904)	(2,505)
Non-controlling interests		508	2,341
Loss for the period		(1,396)	(164)

		Three months ended	
		31 March	
		2023	2022
	<i>Note</i>	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>3,894</u>	<u>2,652</u>
Other comprehensive income for the period		<u>3,894</u>	<u>2,652</u>
Total comprehensive income for the period		<u><u>2,498</u></u>	<u><u>2,488</u></u>
Total comprehensive income attributable to:			
Owners of the Company		1,543	(77)
Non-controlling interests		<u>955</u>	<u>2,565</u>
		<u><u>2,498</u></u>	<u><u>2,488</u></u>
Losses per share	8		
– Basic		<u><u>HK\$(0.002)</u></u>	<u><u>HK\$(0.002)</u></u>
– Diluted		<u><u>HK\$(0.002)</u></u>	<u><u>HK\$(0.002)</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 2022.

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 2023. 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 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Transmission and distribution of natural gas	56,351	66,367
Sale of heat and biomass gasification related products	6,385	5,526
Revenue from other sources		
Gross rental income	3,799	3,847
	<u>66,535</u>	<u>75,740</u>

3. OTHER INCOME AND GAINS AND LOSSES

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	504	10
Sundry income	789	373
Exchange losses, net	–	(390)
Fair value loss on investments held for trading	1	(9)
	<u>1,294</u>	<u>(16)</u>

4. FINANCE COSTS

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings	2,199	2,223
Interest on loans from a major shareholder	1,162	1,096
Interest on lease liabilities	38	24
	<u>3,399</u>	<u>3,343</u>

5. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment		
– owned	3,300	3,763
– right-of-use assets	308	746
	<u>3,608</u>	<u>4,509</u>
Items included in other operating expenses:		
Short-term lease expenses	167	333
Building management fees for self-used office premises	92	71
Investment property management fees	673	817
Entertainment and trip expenses	254	1,269
Legal and professional fees	5	438
Research and development expenses	61	118
Motor vehicle expenses	555	628
Other tax expenses	840	1,023
	<u>840</u>	<u>1,023</u>

6. INCOME TAX

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Total income tax for the period	<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%.

7. DIVIDEND

The board of directors does not recommend the payment of any dividend for the three months ended 31 March 2023 (three months ended 31 March 2022: Nil).

8. LOSSES PER SHARE

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

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Losses		
Losses for the period attributable to owners of the Company	<u>(1,904)</u>	<u>(2,505)</u>
	Three months ended 31 March	
	Number of shares	
	2023	2022
	'000	'000
Weighted average number of ordinary shares in issue	<u>1,023,987</u>	<u>1,023,987</u>

The computation of diluted losses per share for the three months ended 31 March 2023 and 2022 does not assume the exercise of the Company's outstanding share options since their exercise price exceeds average market price during 2023 and 2022.

Accordingly, the basic and diluted losses per share for the three months ended 31 March 2023 and 2022 are the same.

9. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to owners of the Company											
	Share capital	Share premium account	Statutory surplus reserve	Exchange translation reserve	Share option reserve	Property revaluation reserve	Financial assets at FVTOCI reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 31 December 2021 and at 1 January 2022 (audited)	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	-	-	-	-	-	-	-	(2,505)	(2,505)	2,341	(164)
Other comprehensive income:											
Exchange differences on translation of foreign operations	-	-	-	2,428	-	-	-	-	2,428	224	2,652
Total comprehensive income	-	-	-	2,428	-	-	-	(2,505)	(77)	2,565	2,488
Balance at 31 March 2022 (unaudited)	63,999	727,375	5,109	53,652	24,066	34,512	1,210	(586,614)	323,309	45,372	368,681
Equity attributable to owners of the Company											
	Share capital	Share premium account	Statutory surplus reserve	Exchange translation reserve	Share option reserve	Property revaluation reserve	Financial assets at FVTOCI reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 31 December 2022 and at 1 January 2023 (audited)	63,999	727,375	5,109	19,620	-	34,512	5,261	(569,898)	285,978	49,440	335,418
Loss for the period	-	-	-	-	-	-	-	(1,904)	(1,904)	508	(1,396)
Other comprehensive income:											
Exchange differences on translation of foreign operations	-	-	-	3,447	-	-	-	-	3,447	447	3,894
Total comprehensive income	-	-	-	3,447	-	-	-	(1,904)	1,543	955	2,498
Balance at 31 March 2023 (unaudited)	63,999	727,375	5,109	23,067	-	34,512	5,261	(571,802)	287,521	50,395	337,916

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FUTURE OUTLOOK

Total revenue of the Group for the three months ended 31 March 2023 decrease approximately by 12% when compared to the corresponding period in 2022. Such decrease was mainly due to the reduced sale price of natural gas in the first quarter of 2023 when compared to the same period in 2022. With the total 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 2023. The government of the PRC is implementing 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 use of 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 2023. Our customers are mostly industrial customers.

The biomass gasification heating supply business in Huaining County, Anhui Province grew stable in 2023. With the great demand of heat supply in the relevant area in Huaining County, the Group expects the segment will generate considerable revenue for the Group. Since part of the factory construction and operation was not yet finished, the revenue generated was not able to cover the operating costs yet. At such, loss incurred in 2023 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 negative effect of the outbreak of the Pandemic continued to affect the global economy and to most of the industries. The recovery of the world economy takes time. Luckily, the impact of the Pandemic to the Group was 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\$66,535,000 for the three months ended 31 March 2023, which represented a decrease of approximately 12% when compared with approximately HK\$75,740,000 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 three months ended 31 March 2023, unaudited loss before income tax was approximately HK\$1,396,000 (three months ended 31 March 2022: loss of approximately HK\$164,000). The loss attributable to owners of the Company was approximately HK\$1,904,000 (three months ended 31 March 2022: loss of approximately HK\$2,505,000). The loss was increased slightly when compared to the corresponding period of last year because of the decrease of revenue 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 2023 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 31 March 2023, 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 31 March 2023, 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 31 March 2023.

Long position in the ordinary shares of HK\$0.0625 each in the Company as at 31 March 2023:

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

Save as disclosed above, as at 31 March 2023, 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

A share option scheme (the “Share Option Scheme”) was adopted by the shareholders of the Company at the annual general meeting of the Company (the “2022 AGM”) held on 17 May 2022 (the “Adoption Date”).

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

The purpose of the 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 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 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 Share Option Scheme is to recognise 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 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 Share Option Scheme. There is no performance target specified in the 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.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the Share Option Scheme at the 2022 AGM, the total number of Shares which may be issued upon exercise of all Options to be granted under the 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 Share Option Scheme) on the basis that the maximum number of Shares in respect of which Options may be granted under the Share Option Scheme together with any Options outstanding and yet to be exercised under the 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.

The exercise price for shares under the Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a Business Day, (ii) the average of the closing prices of the shares as stated in the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the date of grant; and (iii) the nominal value of the share on the date of grant. The life of the Share Option Scheme shall be for ten years commencing from the Adoption Date. A nominal value of HK\$1.00 is payable on acceptance of each grant of share options.

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

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 31 March 2023, 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 31 March 2023.

Long position in the ordinary shares of HK\$0.0625 each in the Company as at 31 March 2023:

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 31 March 2023, 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. Sung Ren Keh who are the independent non-executive Directors of the Company. Mr. Sung Ren Keh appointed as independent non-executive Director of the Company on 1 March 2023. Mr. Wang Xiao Bing, independent non-executive Director of the Company, resigned on 1 March 2023. The Audit Committee has reviewed the Group’s unaudited results for the three months ended 31 March 2023 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. Sung Ren Keh who are the independent non-executive Directors of the Company. Mr. Sung Ren Keh appointed as independent non-executive Director of the Company on 1 March 2023. Mr. Wang Xiao Bing, independent non-executive Director of the Company, resigned on 1 March 2023.

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. Sung Ren Keh who are the independent non-executive Directors of the Company. Mr. Sung Ren Keh appointed as independent non-executive Director of the Company on 1 March 2023. Mr. Wang Xiao Bing, independent non-executive Director of the Company, resigned on 1 March 2023.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company had not redeemed any of its ordinary shares during the three months ended 31 March 2023. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's ordinary shares during the three months ended 31 March 2023.

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

Hong Kong, 10 May 2023

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. SUNG Ren Keh who are the independent non-executive Directors.

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