



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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

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

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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\$183,442,000 for the year ended 31 December 2023 (2022: approximately HK\$184,683,000), representing a decrease of approximately 0.7%.

Loss attributable to owners of the Company amounted to approximately HK\$17,500,000 (2022: loss of approximately HK\$9,855,000).

The Board does not recommend the payment of any dividend for the year ended 31 December 2023 (2022: Nil).

AUDITED RESULTS

The board of directors (the “Board”) of China Primary Energy Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2023 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	5	183,442	184,683
Other income and gains and losses	6	1,724	1,598
Changes in inventories of finished goods		(128,881)	(135,784)
Staff costs, including directors' remuneration	12	(21,038)	(20,855)
Depreciation		(18,150)	(17,307)
Amortisation of other intangible assets		(378)	(378)
Loss arising from changes in fair value of investment properties		(3,459)	(2,028)
Gain on disposal of assets classified as held for sale		–	9,426
Reversal of impairment loss/(impairment loss) on trade receivables, net		1,100	(28)
Reversal of impairment loss on other receivables and prepayments		130	450
Other operating expenses	8	(22,956)	(21,728)
Finance costs	7	(8,617)	(6,360)
Loss before income tax	8	(17,083)	(8,311)
Income tax expense	9	(2,542)	(3,509)
Loss for the year		<u>(19,625)</u>	<u>(11,820)</u>
Attributable to:			
Owners of the Company		(17,500)	(9,855)
Non-controlling interests		<u>(2,125)</u>	<u>(1,965)</u>
Loss for the year		<u>(19,625)</u>	<u>(11,820)</u>

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

FOR THE YEAR ENDED 31 DECEMBER 2023

	<i>Note</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Changes in fair value of equity instruments at fair value through other comprehensive income		(5,130)	4,051
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<u>(10,028)</u>	<u>(34,788)</u>
Other comprehensive income for the year		<u>(15,158)</u>	<u>(30,737)</u>
Total comprehensive income for the year		<u>(34,783)</u>	<u>(42,557)</u>
Total comprehensive income attributable to:			
Owners of the Company		(31,406)	(37,408)
Non-controlling interests		<u>(3,377)</u>	<u>(5,149)</u>
		<u>(34,783)</u>	<u>(42,557)</u>
Loss per share	11		
– Basic and diluted		<u>HK\$(0.017)</u>	<u>HK\$(0.010)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		419,105	315,692
Investment properties		199,610	208,492
Goodwill		15,302	15,725
Other intangible assets		168	517
Prepayment for property, plant and equipment		3,959	10,719
Equity instruments measured at fair value through other comprehensive income ("FVTOCI")		8,946	13,376
		<hr/>	<hr/>
Total non-current assets		647,090	564,521
Current assets			
Inventories	13	8,060	8,140
Trade receivables	14	18,974	18,732
Other receivables, deposits and prepayments	15	50,491	57,390
Investments held for trading		27	43
Pledged bank deposit		–	56,536
Cash and cash equivalents		30,644	33,159
		<hr/>	<hr/>
Total current assets		108,196	174,000
		<hr/>	<hr/>
Total assets		755,286	738,521
Current liabilities			
Trade payables	16	12,570	12,473
Contract liabilities, other payables and accruals		34,005	52,342
Loans from a major shareholder		943	1,325
Lease liabilities		1,709	1,805
Bank borrowings		67,642	224,469
Tax payable		8,682	7,133
		<hr/>	<hr/>
Total current liabilities		125,551	299,547
		<hr/>	<hr/>
Net current liabilities		(17,355)	(125,547)
		<hr/>	<hr/>

	2023	2022
	HK\$'000	<i>HK\$'000</i>
Non-current liabilities		
Contract liabilities, other payables and accruals	25,056	–
Loans from a major shareholder	41,819	34,631
Deferred tax liabilities	24,268	25,825
Lease liabilities	2,955	4,131
Bank borrowings	235,023	38,969
	<hr/>	<hr/>
Total non-current liabilities	329,121	103,556
	<hr/>	<hr/>
Total liabilities	454,672	403,103
	<hr/>	<hr/>
NET ASSETS	300,614	335,418
	<hr/> <hr/>	<hr/> <hr/>
Equity		
Share capital	63,999	63,999
Reserves	190,573	221,979
	<hr/>	<hr/>
Equity attributable to owners of the Company	254,572	285,978
	<hr/>	<hr/>
Non-controlling interests	46,042	49,440
	<hr/>	<hr/>
TOTAL EQUITY	300,614	335,418
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Equity attributable to owners of the Company										
	Share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i> <i>(Note a)</i>	Statutory surplus reserve <i>HK\$'000</i> <i>(Note b)</i>	Exchange translation reserve <i>HK\$'000</i> <i>(Note c)</i>	Share Option reserve <i>HK\$'000</i> <i>(Note d)</i>	Property revaluation reserve <i>HK\$'000</i> <i>(Note e)</i>	Financial assets at FVTOCI reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 31 December 2021 and 1 January 2022	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 year	-	-	-	-	-	-	(9,855)	(9,855)	(1,965)	(11,820)	
Other comprehensive income:											
Exchange differences on translation of foreign operations	-	-	-	(31,604)	-	-	-	-	(31,604)	(3,184)	(34,788)
Changes in fair value of equity instruments at FVTOCI	-	-	-	-	-	4,051	-	4,051	-	4,051	
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,604)</u>	<u>-</u>	<u>-</u>	<u>4,051</u>	<u>(9,855)</u>	<u>(37,408)</u>	<u>(5,149)</u>	<u>(42,557)</u>
Lapse of share options	-	-	-	-	(24,066)	-	24,066	-	-	-	
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	-	11,782	11,782	
Balance at 31 December 2022	<u>63,999</u>	<u>727,375</u>	<u>5,109</u>	<u>19,620</u>	<u>-</u>	<u>34,512</u>	<u>5,261</u>	<u>(569,898)</u>	<u>285,978</u>	<u>49,440</u>	<u>335,418</u>

Equity attributable to owners of the Company

	Share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i> <i>(Note a)</i>	Statutory surplus reserve <i>HK\$'000</i> <i>(Note b)</i>	Exchange translation reserve <i>HK\$'000</i> <i>(Note c)</i>	Property revaluation reserve <i>HK\$'000</i> <i>(Note e)</i>	Financial assets at		Total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
						FVTOCI reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>			
Balance at 31 December 2022 and 1 January 2023	63,999	727,375	5,109	19,620	34,512	5,261	(569,898)	285,978	49,440	335,418
Loss for the year	-	-	-	-	-	-	(17,500)	(17,500)	(2,125)	(19,625)
Other comprehensive income:										
Exchange differences on translation of foreign operations	-	-	-	(8,776)	-	-	-	(8,776)	(1,252)	(10,028)
Changes in fair value of equity instruments at FVTOCI	-	-	-	-	-	(5,130)	-	(5,130)	-	(5,130)
Total comprehensive income	-	-	-	(8,776)	-	(5,130)	(17,500)	(31,406)	(3,377)	(34,783)
Dilution of non-controlling interests	-	-	-	-	-	-	-	-	(21)	(21)
Transfer to statutory surplus reserve	-	-	1,519	-	-	-	(1,519)	-	-	-
Balance at 31 December 2023	63,999	727,375	6,628	10,844	34,512	131	(588,917)	254,572	46,042	300,614

Notes:

- (a) The share premium account of the Group includes: (i) the premium arising from the issue of shares of the Company at a premium less share issue expenses; and (ii) the difference between the nominal value of the share capital and share premium of the subsidiaries acquired pursuant to the reorganisation scheme (the “Group Reorganisation”) in preparation for the public listing of the Company’s shares on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) over the nominal value of the shares of the Company issued in exchange therefor.

- (b) Subsidiaries of the Company established in the People's Republic of China (the "PRC") are required to transfer 10% of their profit after income tax calculated in accordance with the PRC accounting regulations to the statutory surplus reserve until the reserve reaches 50% of their respective registered capital, upon which any further appropriation will be at the recommendation of the directors of subsidiaries. Such reserve may be used to reduce any loss incurred by the subsidiaries or be capitalised as paid-up capital of the subsidiaries.
- (c) Exchange translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.
- (d) Share option reserve comprises cumulative expenses recognised on the granting of share options to the employees and consultants over the vesting period.
- (e) Property revaluation reserve arose from a change in use from owner-occupied properties to investment properties carried at fair value.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

1. ORGANISATION AND OPERATIONS

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 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, sale of heat and biomass gasification related products and property investment primarily in the PRC. The directors of the Company consider Ms. Ma Zheng to be a controlling shareholder.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”)

(a) Adoption of amended HKFRSs – effective on 1 January 2023

In the current year, the Group has adopted the following amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for the current accounting period.

Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform– Pillar Two Model Rules

The Group has not early applied any amended HKFRSs that is not yet effective for the current accounting period.

The nature and the impact of the adoption of these applicable amended HKFRSs are described below:

Amendments to HKAS 8 – Definition of Accounting Estimates

The amendments to HKAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.

The adoption of these amendments did not have any impact on these consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2– Disclosure of Accounting Policies

The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose ‘significant accounting policies’ with ‘material accounting policy information’. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

The adoption of these amendments did not have any impact on the measurement or presentation of any items in these consolidated financial statements but affect the disclosure of accounting policies of the Group.

Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to HKAS 12 which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of HKFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

The adoption of these amendments did not have any impact on these consolidated financial statements.

Amendments to HKAS 12– International Tax Reform – Pillar Two Model Rules

In December 2021, the Organisation for Economic Co-operation and Development (“OECD”) released a draft legislative framework for a global minimum tax that is expected to be used by individual jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another in order to reduce global tax obligations in corporate structures. In March 2022, the OECD released detailed technical guidance on Pillar Two of the rules.

Stakeholders raised concerns about the potential implications on income tax accounting, especially accounting for deferred taxes, arising from the Pillar Two model rules.

The Amendments introduce a mandatory exception to entities from the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two model rules. The exception is effective immediately and retrospectively. The Amendments also provide for additional disclosure requirements with respect to an entity’s exposure to Pillar Two income taxes.

Management has determined that the Group is not within the scope of OECD’s Pillar Two Model Rules and the exception to the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes is not applicable to the Group.

(b) New or amended HKFRSs that have been issued but are not yet effective

The following amended HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “2020 Amendments”) ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”) ⁴
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback (amendments) ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ No mandatory effective date yet determined but available for adoption

⁴ As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current

The 2020 Amendments provide clarification that if an entity’s right to defer settlement of a liability is subject to compliance with future covenants, the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The 2020 Amendments also clarify the situations that are considered as a settlement of a liability. The 2020 Amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application of the 2020 Amendments is permitted. However, an entity that applies the 2020 Amendments early is also required to apply the 2022 Amendments, and vice versa.

The directors of the Company do not anticipate that the application of these amendments in the future will have material impact on these financial statements.

Amendments to HKAS 1 – Non-current Liabilities with Covenants

The 2022 Amendments clarify how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. The 2022 Amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The 2022 Amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. The 2022 Amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application of the 2022 Amendments is permitted.

Based on the Group's outstanding liabilities as at 31 December 2022, the directors of the Company do not anticipate that the application of the amendments will result in the reclassification of the Group's liabilities.

Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback (amendments)

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e. 1 January 2019). Earlier application is permitted.

The Group expected that the adoption of these amendments will not have any significant impact on these financial statements.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

The Group expected that the adoption of these amendments will not have any significant impact on these financial statements.

Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements

Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The Group expected that the adoption of these amendments will not have any significant impact on these consolidated financial statements.

Amendments to HKAS 21 – Lack of Exchangeability

The amendments arose as a result of a submission about the determination of the exchange rate when there is a long-term lack of exchangeability. HKAS 21, prior to the amendments, did not include explicit requirements for the determination of the exchange rate when a currency is not exchangeable into another currency, which led to diversity in practice. The amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

The Group expected that the adoption of these amendments will not have any significant impact on these consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) 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 GEM of the Stock Exchange.

(b) Basis of measurement and going concern assumption

These financial statements have been prepared under the historical cost convention except for investment properties and certain financial instruments, which are measured at fair values.

During the year, the Group incurred a loss of HK\$19,625,000 and at the end of the reporting period, it recorded net current liabilities of HK\$17,355,000. The directors of the Company have assessed the situation and prepared a cash flow projection of the Group covering a period from the end of the reporting period to 31 March 2025 after taking into account of the following:

- I. The Group continues to implement measures to tighten cost controls over various operating expenses in order to improve its profitability and to generate positive cash inflows from its operations.
- II. The Group has undrawn bank and other loan facilities totalling RMB95,697,000 (equivalent to approximately HK\$105,292,000) as at 31 December 2023, out of which the bank facilities of RMB78,320,000 (equivalent to approximately HK\$86,173,000) and other loan facilities of RMB17,377,000 (equivalent to approximately HK\$19,119,000) can be utilised by the Group up to the period ending 20 September 2033 and 31 December 2025 respectively.

The directors of the Company are of the opinion that as a result of the above measures and considerations, the Group will have sufficient working capital to meet its cash flows requirements in the next twelve months. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

(c) Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

4. SEGMENT REPORTING

The Group determines its operating segments based on the reports that are used by the chief operating decision-maker to make strategic decisions.

The Group's reportable segments are managed separately as each business offers different products and requires different business strategies. The following summary describes the operations of each of the Group's reportable segments:

Revenue from contracts with customers within the scope of HKFRS 15

- Transmission and distribution of natural gas
- Sale of heat and biomass gasification related products

Revenue from other sources

- Property investment

Segment assets exclude cash and cash equivalents, pledged bank deposit and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

There was no inter-segment sale or transfer during the years ended 31 December 2023 and 2022. Central revenue and expenses are not allocated to the operating segments as they are not included in the measurement of the segment result that is used by the chief operating decision-maker for assessment of segment performance.

(a) Reportable segments

For the year ended 31 December 2023

	Transmission and distribution of natural gas <i>HK\$'000</i>	Sale of heat and biomass gasification related products <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	<u>142,773</u>	<u>23,890</u>	<u>16,779</u>	<u>183,442</u>
Reportable segment profit/(loss)	<u>13,021</u>	<u>(3,663)</u>	<u>3,285</u>	<u>12,643</u>
Reportable segment assets	<u>349,199</u>	<u>107,661</u>	<u>233,285</u>	<u>690,145</u>
Reportable segment liabilities	<u>(245,439)</u>	<u>(26,214)</u>	<u>(40,820)</u>	<u>(312,473)</u>
Other segment information:				
Bank interest income	259	7	13	279
Unallocated				<u>420</u>
Total bank interest income				<u>699</u>
Write off of property, plant and equipment	(39)	(52)	–	(91)
Depreciation	(9,129)	(3,864)	(4,376)	(17,369)
Unallocated				<u>(781)</u>
Total depreciation				<u>(18,150)</u>

	Transmission and distribution of natural gas <i>HK\$'000</i>	Sale of heat and biomass gasification related products <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amortisation of other intangible assets	(378)	–	–	(378)
Impairment loss on trade receivables	(439)	–	–	(439)
Reversal of impairment loss on trade receivables	1,219	–	320	1,539
Reversal of impairment loss on other receivables and prepayments	130	–	–	130
Loss arising from changes in fair value of investment properties	–	–	(3,459)	(3,459)
Additions to non-current assets	124,838	5,820	366	131,024
Unallocated				700
				<hr/>
Total additions to non-current assets				131,724
				<hr/> <hr/>

For the year ended 31 December 2022

	Transmission and distribution of natural gas <i>HK\$'000</i>	Sale of heat and biomass gasification related products <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	142,712	26,874	15,097	184,683
Reportable segment profit/(loss)	15,246	(1,550)	9,109	22,805
Reportable segment assets	252,895	109,563	248,446	610,904
Reportable segment liabilities	(139,422)	(23,163)	(40,037)	(202,622)
Other segment information:				
Bank interest income	395	11	7	413
Unallocated				2,421
Total bank interest income				2,834
Gain on disposal of assets classified as held for sale	9,426	–	–	9,426
Impairment loss on property, plant and equipment	–	–	(3,282)	(3,282)
Write off of property, plant and equipment	(172)	–	–	(172)
Gain/(loss) on disposal of property, plant and equipment	–	(13)	–	(13)
Unallocated				73
Total gain on disposal of property, plant and equipment				60
Depreciation	(9,563)	(3,282)	(3,572)	(16,417)
Unallocated				(890)
Total depreciation				(17,307)

	Transmission and distribution of natural gas <i>HK\$'000</i>	Sale of heat and biomass gasification related products <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amortisation of other intangible assets	(378)	–	–	(378)
Impairment loss on trade receivables	(613)	–	–	(613)
Reversal of impairment loss on trade receivables	571	–	14	585
Reversal of impairment loss on other receivables and prepayments	178	–	272	450
Loss arising from changes in fair value of investment properties	–	–	(2,028)	(2,028)
Additions to non-current assets	108,584	17,276	1,532	127,392
Unallocated				<u>3,982</u>
Total additions to non-current assets				<u><u>131,374</u></u>

(b) **Reconciliation of reportable segment profit/(loss), assets and liabilities**

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before income tax		
Total reportable segment's profit	12,643	22,805
Unallocated other income and gains and losses	510	4,347
Corporate and other unallocated expenses	(21,619)	(29,103)
Finance costs	(8,617)	(6,360)
	<u> </u>	<u> </u>
Consolidated loss before income tax	(17,083)	(8,311)
	<u> </u>	<u> </u>
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets		
Total reportable segment's assets	690,145	610,904
Cash and cash equivalents	30,644	33,159
Pledged bank deposit	–	56,536
Unallocated corporate assets	34,497	37,922
	<u> </u>	<u> </u>
Consolidated total assets	755,286	738,521
	<u> </u>	<u> </u>
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Liabilities		
Total reportable segment's liabilities	(312,473)	(202,622)
Deferred tax liabilities	(24,268)	(25,825)
Unallocated corporate liabilities	(117,931)	(174,656)
	<u> </u>	<u> </u>
Consolidated total liabilities	(454,672)	(403,103)
	<u> </u>	<u> </u>

(c) **Disaggregation of revenue from contracts with customers**

The Group derives revenue from the transfer of goods at a point in time of HK\$166,663,000 from its transmission and distribution of natural gas and sale of heat and biomass gasification related products for the year ended 31 December 2023 (2022: HK\$169,586,000).

The Group derives revenue in the following product lines and geographical regions.

For the year ended 31 December 2023

	Transmission and distribution of natural gas HK\$'000	Sale of heat and biomass gasification related products HK\$'000	Property investment HK\$'000	Total HK\$'000
Primary geographical markets				
PRC	<u>142,773</u>	<u>23,890</u>	<u>16,779</u>	<u>183,442</u>
Major products/services				
Sale of goods	142,773	23,890	–	166,663
Rental income	<u>–</u>	<u>–</u>	<u>16,779</u>	<u>16,779</u>
	<u>142,773</u>	<u>23,890</u>	<u>16,779</u>	<u>183,442</u>

For the year ended 31 December 2022

Primary geographical markets				
PRC	<u>142,712</u>	<u>26,874</u>	<u>15,097</u>	<u>184,683</u>
Major products/services				
Sale of goods	142,712	26,874	–	169,586
Rental income	<u>–</u>	<u>–</u>	<u>15,097</u>	<u>15,097</u>
	<u>142,712</u>	<u>26,874</u>	<u>15,097</u>	<u>184,683</u>

The Group's revenue from external customers for the years ended 31 December 2023 and 2022 was derived from the PRC (place of domicile).

(d) **Information about major customers**

For the year ended 31 December 2023, revenue from a customer in transmission and distribution of natural gas segment amounted to HK\$74,135,000 which contributed approximately 40% of the Group's total revenue.

For the year ended 31 December 2022, revenue from a customer in transmission and distribution of natural gas segment amounted to HK\$123,099,000 which contributed approximately 67% of the Group's total revenue.

5. REVENUE

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers		
Transmission and distribution of natural gas	142,773	142,712
Sale of heat and biomass gasification related products	23,890	26,874
Revenue from other sources		
Gross rental income	16,779	15,097
	183,442	184,683

Trade receivables from contracts with customers as at 31 December 2023 amounted to HK\$17,265,000 (2022: HK\$17,429,000).

6. OTHER INCOME AND GAINS AND LOSSES

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	699	2,834
Sundry income	1,027	2,403
Foreign exchange gains/(losses), net	105	(391)
Write off of property, plant and equipment	(91)	(172)
Fair value loss on investments held for trading	(16)	(36)
Impairment loss on property, plant and equipment	–	(3,282)
Gain on disposal of property, plant and equipment	–	60
Government grants		
– Employment Support Scheme (<i>Note</i>)	–	182
	1,724	1,598

Note: For the year ended 31 December 2022, the amount represented salaries and wages subsidies granted under Anti-epidemic Fund by Government of the Hong Kong Special Administrative Region.

7. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank loans and other borrowings	11,879	8,621
Interest on loans from a major shareholder	4,827	4,550
Interest on lease liabilities	456	654
	<u>17,162</u>	<u>13,825</u>
Less: Amount capitalised (<i>Note</i>)	<u>(8,545)</u>	<u>(7,465)</u>
	<u><u>8,617</u></u>	<u><u>6,360</u></u>

Note: Borrowing costs of approximately HK\$5,056,000 (2022: Nil) incurred in respect of bank borrowings made specifically for the purpose of acquisition and construction of qualifying assets have been capitalised as part of the cost of those assets. Other borrowing costs of approximately HK\$3,489,000 (2022: HK\$7,465,000) arose from the general borrowing pool have also been capitalised for the year and are calculated by applying a capitalisation rate of 5% (2022: 8%).

8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cost of inventories sold	128,881	135,784
Depreciation of property, plant and equipment		
– owned	14,508	13,247
– right-of-use assets	3,642	4,060
	<u>18,150</u>	<u>17,307</u>
Items included in other operating expenses:		
Auditor's remuneration	1,280	1,280
Short-term lease expenses	525	373
Building management fees for self-used office premises	581	250
Investment property management fees	2,985	3,231
Entertainment and trip expenses	3,544	2,362
Legal and professional fees	900	1,486
Research and development expenses	1,007	827
Motor vehicle expenses	2,401	2,963
Other tax expenses	3,288	3,618
	<u><u>3,288</u></u>	<u><u>3,618</u></u>

9. INCOME TAX

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax – PRC		
– tax for the year	3,407	4,016
Deferred tax liabilities		
– current year	(865)	(507)
Total income tax expense for the year	<u>2,542</u>	<u>3,509</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 years.

Fujian China Primary Energy Limited (“Fujian CP Energy”) and Huaining China Primary Energy Limited (“Huaining CP Energy”) obtained 高技術企業證書 (High Technology Enterprise Certificate). Both Fujian CP Energy and Huaining CP Energy entitled to enjoy the enterprise income tax at the concessionary rate of 15% for the years ended 31 December 2023 and 2022.

For the Group’s other operating subsidiaries in the PRC, 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, they are subject to enterprise income tax (“EIT”) at the unified EIT rate of 25%.

10. DIVIDEND

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

11. LOSS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss:		
Loss for the year attributable to owners of the Company	<u>(17,500)</u>	<u>(9,855)</u>
	Number of shares	
	2023	2022
	<i>'000</i>	<i>'000</i>
Weighted average of number of ordinary shares in issue	<u>1,023,987</u>	<u>1,023,987</u>

The computation of diluted loss per share for the year ended 31 December 2022 did not assume the exercise of the Company's outstanding share options since their exercise price exceeded average market price during 2022. There is no outstanding share options and other dilutive potential share as at 31 December 2023.

12. STAFF COSTS, INCLUDING DIRECTORS' REMUNERATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Salaries and allowances	19,340	19,198
Retirement benefit scheme contributions	1,698	1,657
	<u>21,038</u>	<u>20,855</u>

For the years ended 31 December 2023 and 2022, there were neither contributions forfeited by the Group nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 December 2023 and 2022, there were no forfeited contributions which were available for utilisation by the Group to reduce the existing level of contributions to the government defined contribution retirement benefit scheme.

13. INVENTORIES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Finished goods	8,060	8,140

The cost of finished goods is calculated using weighted average method as at 31 December 2023 and 2022.

14. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	24,994	26,893
Less: provision for impairment	(6,020)	(8,161)
	<u>18,974</u>	<u>18,732</u>

- (a) The Group granted a credit period of 3 and 5 working days after the billing date to customers relating to sale of biomass gasification related products and transmission and distribution of natural gas respectively. For the sale of heat business, no credit period is granted to customers. For the business of property investment, tenants are required to pay rentals, generally 1 to 3 months, in advance. The Group sets a maximum credit limit for each customer and seeks to maintain strict control over its outstanding receivables. The sales department and the management of the responsible department for the sales together perform the credit control function to minimise credit risk. Overdue balances are reviewed and followed up regularly by senior management.

- (b) The table below reconciled the provision for impairment loss of trade receivables for the year:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At 1 January	8,161	8,755
Impairment loss recognised	439	613
Reversal of impairment loss	(1,539)	(585)
Amount written off as uncollectible	(849)	–
Exchange realignment	(192)	(622)
	<hr/>	<hr/>
At 31 December	6,020	8,161
	<hr/> <hr/>	<hr/> <hr/>

- (c) An ageing analysis of the trade receivables (net of impairment loss) as at the end of reporting period, based on the invoice dates, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	18,362	18,421
31 – 60 days	149	–
61 – 90 days	73	–
Over 90 days	390	311
	<hr/>	<hr/>
	18,974	18,732
	<hr/> <hr/>	<hr/> <hr/>

- (d) An ageing analysis of trade receivables (net of impairment loss) that are neither individually nor collectively considered to be impaired is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Not past due	17,857	18,421
	<hr/>	<hr/>
Less than 31 days past due	654	–
31 – 60 days past due	73	–
61 – 90 days past due	73	–
Over 90 days but less than 1 year past due	291	311
More than 1 year past due	26	–
	<hr/>	<hr/>
	1,117	311
	<hr/> <hr/>	<hr/> <hr/>
	18,974	18,732
	<hr/> <hr/>	<hr/> <hr/>

- (e) The Group has not pledged any of its trade receivables as at 31 December 2023 (2022: Nil).

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other receivables and deposits	16,851	36,870
Value added tax recoverable	23,162	12,229
Prepayments	18,009	16,509
	58,022	65,608
Less: provision for impairment loss on other receivables and prepayments	(7,531)	(8,218)
	50,491	57,390

The below table reconciled the provision for impairment loss on other receivables and prepayments for the year:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At 1 January	8,218	9,405
Reversal of impairment loss	(130)	(450)
Exchange realignment	(557)	(737)
At 31 December	7,531	8,218

16. TRADE PAYABLES

An ageing analysis of trade payables, based on the invoice dates, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	7,745	7,931
31 – 60 days	749	59
61 – 90 days	630	2,367
Over 90 days	3,446	2,116
	12,570	12,473

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FUTURE OUTLOOK

Total revenue of the Group for the year ended 31 December 2023 decreased slightly by 0.7% when compared to the corresponding period in 2022. Such slight decrease was mainly due to the relative weak performance of Renminbi in 2023 as the revenue figure in Renminbi in 2023 actually slightly higher than 2022. The Coronavirus disease (“COVID-19”) substantially came to an end in 2023, the world economy has begun to recover. Nevertheless, in 2023, the political and trade conflicts between the People’s Republic of China (the “PRC”) and the United States of America (the “USA”) was becoming more intensive. However, the result of the Group was not adversely affect due to the increase in demand of the clean energy in the PRC which was an important factor that motivated the growth of the natural gas business of the Group.

The natural gas business is still the core business of the Group. Operation 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. As a new operation, the construction of the clean energy business in Yichang was completed and will likely to commence its operation in 2024 and contribute revenue and profit to the Group.

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. In 2023, part of the factory construction was not yet finished, the revenue generated was not able to cover the operating costs yet. At such, loss was incurred in 2023 for this segment. The situation is expected to be improved upon the completion of the construction which leads to full operation and increase in revenue of this segment.

The property investment business in Yichang contributed stable cash inflow to the Group during the year 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 Pandemic will continue to affect the global economy and to most of the industries for certain period of time. 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 political and economic condition, 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\$183,442,000 for the year ended 31 December 2023, which represented a decrease of approximately 0.7% when compared with last year's total revenue of approximately HK\$184,683,000. The Board believes that revenue of the Group will be improved with the growing of the clean energy business, especially the Yichang operation in 2024.

During the year under review, audited loss before income tax was approximately HK\$17,083,000 (2022: loss of approximately HK\$8,311,000). The loss attributable to owners of the Company was approximately HK\$17,500,000 (2022: loss of approximately HK\$9,855,000). The loss was increased when compared to the corresponding period of last year mainly because of approximately HK\$9,426,000 gain on disposal of assets classified as held for sale in 2022. 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 2024 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 December 2023, net assets of the Group were approximately HK\$300,614,000 (2022: approximately HK\$335,418,000) while its total assets were approximately HK\$755,286,000 (2022: approximately HK\$738,521,000) including cash and bank balances of approximately HK\$30,644,000 (2022: approximately HK\$33,159,000).

FUNDING ACTIVITIES DURING THE YEAR

The Company did not carry out any fund raising activities during the year under review.

GEARING RATIO

As at 31 December 2023, current assets of the Group amounted to approximately HK\$108,196,000 which included cash and bank balances of approximately HK\$216,000 and approximately RMB27,655,000 (equivalent to HK\$30,428,000), while current liabilities stood at approximately HK\$125,551,000. The Group has borrowings of approximately HK\$345,427,000. Equity attributable to owners of the Company amounted to approximately HK\$254,572,000. In this regard, the Group was in a net assets position and had a gearing ratio of approximately 136% (borrowings to equity attributable to owners of the Company) as of 31 December 2023.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Sales and payment of the Group are denominated in Hong Kong dollars and Renminbi (“RMB”). The Group’s cash and bank deposits were mainly denominated in Hong Kong dollars and RMB, and the business is mainly operated in the PRC. The only foreign currency exposure comes mainly from the funds movement between Hong Kong and the PRC. Exchange risk is not significant as the Group conducts business in PRC and does not have import and export business. No hedging or other alternatives had been implemented for foreign currency exposure. However, the Group will continue to monitor closely the exchange rate movements and will enter into hedging arrangements in future if necessary.

CHARGE ON GROUP ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2023, certain of the Group’s investment properties and land and buildings were pledged as security for the Group’s bank borrowing, and the Group did not have any significant contingent liabilities.

SEGMENT INFORMATION

An analysis of the Group’s performance for the year by business and geographical segments is set out in Note 4 to this annual results announcement.

CAPITAL STRUCTURE

The ordinary shares of the Company were initially listed on GEM of the Stock Exchange on 13 December 2001. As at 31 December 2023, the issued share capital of the Company was made up of 1,023,987,439 ordinary shares of HK\$0.0625 each.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as disclosed above, there was no other material acquisition or disposal of subsidiaries and affiliated companies during the year under review.

SIGNIFICANT INVESTMENTS/FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group did not made any significant investment during the year ended 31 December 2023. No material plan for future investment was noted as at the date of this annual results announcement.

EMPLOYEE INFORMATION

As at 31 December 2023, the Group had 9 full-time employees working in Hong Kong and 169 full-time employees working in the PRC. Total employees' remuneration (including Directors' remuneration) for the year under review amounted to approximately HK\$21,038,000. The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

COMPETITION AND CONFLICT OF INTERESTS

During the year 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 to 5.29 of the GEM Listing Rules and Code Provisions D.3.3 and D.3.7 of the Corporate Governance Code (the "Code"). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. During the year under review, the Audit Committee chaired by Mr. Wan Tze Fan Terence, comprises two other members, 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. During the year under review, the Audit Committee held four meetings and performed duties including reviewing the Group's annual report, half-yearly report, quarterly reports and announcements. After reviewing the Group's financial statements for the year ended 31 December 2023, the Audit Committee is of the opinion that the financial statements of

the Group for the year ended 31 December 2023 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditors, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with all the code provisions set out in the Code contained in Part 2 of Appendix C1 of the GEM Listing Rules, with the exception of the following code provision for the year ended 31 December 2023:

Code Provision C.2.1

Code Provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

For the year 2023, the Company did not have an officer with the title of “Chief Executive”. The Code envisages that the management of the Board should rest with the Chairman, whereas the day-to-day management of the Company’s business should rest with the Chief Executive. Ms. Ma Zheng, the Chairman, is also a director of some of the Company’s operating subsidiaries. This constitutes a deviation of Code Provision C.2.1. The Board holds the view that this arrangement is appropriate for the Company but the Company does not compromise accountability and independent decision making for this since the Company has an audit committee, all members of which are independent non-executive Directors, to help to ensure the accountability and independence of Ms. Ma Zheng.

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

Hong Kong, 21 March 2024

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.

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for at least 7 days from the date of its publication and on the Company’s designated website at <https://china-p-energy.etnet.com.hk>.