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**Chinese Energy Holdings Limited**  
**華夏能源控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 8009)**

**DECISION OF THE GEM LISTING COMMITTEE**

This announcement is made by Chinese Energy Holdings Limited (the “**Company**”) pursuant to Rule 17.10(2)(a) of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 13 December 2021 and 21 December 2021 (the “**Announcements**”) in relation to, among others, (i) the decision of the Listing Division (the “**LD’s Decision**”) of the Stock Exchange that the Company has failed to maintain a sufficient level of operations and assets as required under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of the Shares, and that trading in the Shares shall be suspended under Rule 9.04(3) of the GEM Listing Rules, and (ii) the Company’s request to refer the LD’s Decision to the GEM Listing Committee (the “**GEM Listing Committee**”) of the Stock Exchange for review (the “**Review**”) pursuant to Rule 4.06(1) of the GEM Listing Rules. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

The board (the “**Board**”) of Directors wishes to inform the Shareholders and Potential Investors that the GEM Listing Committee considered the Company’s request for Review at a hearing held on 30 March 2022 (the “**Review Hearing**”). On 11 April 2022, the Company received a letter from the Stock Exchange (the “**Decision Letter**”) notifying the Company that the GEM Listing Committee, having considered all the submissions (both written and oral) made by the Company and the Listing Division of the Stock Exchange, was of the view that the Company failed to maintain a sufficient level of operations and assets as required under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of the Shares and decided to uphold the LD’s Decision to suspend trading in the Shares under Rule 9.04(3) of the GEM Listing Rules (the “**GLC’s Decision**”).

## **REASONS FOR THE GLC'S DECISION**

According to the Decision Letter\*, the GEM Listing Committee arrived at the GLC's Decision for the following reasons:

1. The Company is principally engaged in (i) the LNG Business; (ii) the General Trading Business; (iii) the Money Lending Business; and (iv) Securities Trading. The Company operates the LNG Business as its primary business operations.
2. The Company has either been loss-making or generating minimal profits since FY2017. The situation does not appear to be a temporary downturn or decline. As stated in the Company's written submission and reconfirmed by the Company at the Review Hearing, the Company does not intend to actively pursue the resumption of other businesses and intends to focus its resources on the development of the LNG Business. The Company sought to expand the LNG Business to meet Rule 17.26 of the GEM Listing Rules but the business plans are preliminary and without concrete details. The GEM Listing Committee was concerned that the LNG Business is not a business of substance, and that the Company's businesses are not viable and sustainable.

### **LNG Business**

3. The GEM Listing Committee had concerns that the LNG Business is not a business of substance having regard to its business model and limited customer base:
  - (i) The Company sources LNG from its suppliers for onwards sale to its customers without further processing. The value added by the Company is limited, as reflected by the thin profit margin of this business. While the Company submitted that the LNG Business is not merely trading as it provides technical consultancy services to its customers and distributes LNG equipment, the Company only recorded minimal consultancy income of HK\$6.4 million, nil and HK\$25,000 between FY2019 and FY2021 and minimal revenue from the distribution of LNG equipment since its commencement in FY2022.

\* *All figures quoted from the Decision Letter are approximate figures.*

- (ii) This business has limited number of customers and its customer base is highly concentrated. There were only four, two and two customers for each of FY2019 to FY2021, respectively, with over 87%, 92% and 88% of the revenue of this business generated from the largest customer, Ningbo Luyuan Development<sup>#</sup> in FY2019 and Ningbo Luyuan Power<sup>#</sup> in FY2020 and FY2021. Although the Company has solicited, and entered into contracts (the “**New Contracts**”) with, four new customers (the “**New Customers**”) for this business since July 2021, the GEM Listing Committee considered that it was doubtful whether these customers would generate the revenue as forecasted (see paragraph 7 below) and substantially improve this business.
- (iii) The Company submitted that downstream customers in the LNG industry purchase LNG through the trading companies similar to the Company instead of directly from LNG suppliers mainly because they offer more favourable payment and credit terms than the suppliers, and that the suppliers are generally reluctant to deal with the customers due to reasons such as their small purchase quantity and their relatively smaller scale of operations. The GEM Listing Committee however noted that certain New Customers are stated-owned/listed company-backed and in certain New Contracts that full payment is required before the supply of LNG without any credit period, and considered that it was unclear whether the Company would be able to procure new sales on similar terms or solicit new customers with similar scale of operations under the existing business model. Although the Company was in negotiation with two more customers, it was uncertain to the GEM Listing Committee whether any definitive agreement could be entered into. In any event, the GEM Listing Committee was concerned that the current customer base remained limited and highly concentrated.
4. The Company entered into a lease arrangement for seven LNG trucks and is in negotiation with a landlord for the lease of a warehouse for LNG storage, with a view to improving the operational efficiency and profit margin of this business. The Company is also in discussion with a business partner for cooperation in the carbon neutral energy management business. The GEM Listing Committee considered that these business plans are all preliminary, generic and without concrete details, and the Company failed to demonstrate how these business plans would substantially improve this business. The GEM Listing Committee remained concerned on the viability and sustainability of this business.

<sup>#</sup> *The English translations of the Chinese names are for identification purpose and should not be regarded as the official English translation of the Chinese names.*

## **Other businesses**

5. The GEM Listing Committee noted that the General Trading Business and the Money Lending Business recorded no revenue for the nine months ended 31 December 2021 (“Q3 2021”) and appeared to have been suspended since FY2021 and FY2020, respectively. The Company confirmed at the Review Hearing that it would not resume these businesses, and only the LNG Business would remain as the Company’s principal business.
6. As regards Securities Trading, under Rule 17.26(2) of the GEM Listing Rules, proprietary trading and/or investment in securities are normally excluded when considering an issuer’s compliance with Rule 17.26(1) of the GEM Listing Rules.

## **Forecast**

7. The Company expected to generate revenue of HK\$746 million, HK\$1,505 million and HK\$1,505 million for the years ending 31 March 2022, 2023 and 2024 respectively. The GEM Listing Committee considered that it was not certain whether the forecast could be achieved, in particular having noted that the revenue for Q3 2021 and that generated from the New Customers so far amounted to HK\$294 million and RMB1.4 million, respectively.

## **Level of assets**

8. As at 30 September 2021, the Company had total assets of HK\$424 million, comprising mainly trade and other receivables, cash and cash equivalents and financial assets. The GEM Listing Committee noted that the Company had recovered one-third of an outstanding trading balance of HK\$18 million and the remaining balance was expected to be recovered by December 2022. However, in view of the concern on the substance and viability and sustainability of the Company’s businesses as mentioned above, the GEM Listing Committee considered that these assets could not support a sufficient level of operations to warrant a continued listing.

## **Impact of COVID-19**

9. The Company alleged that its businesses had been affected by the COVID-19 outbreak as the pandemic had disrupted the businesses in the oil and gas industries and the Company had adopted a more conservative approach to the expansion and growth of its overall business and operations, thereby affecting the implementation of its business plans. However, the GEM Listing Committee was of the view that the Company failed to demonstrate that, but for COVID-19, it would have had a business that is viable and sustainable and has substance due to the reasons in paragraph 2 above.

## **RIGHT TO REVIEW THE GLC'S DECISION**

Under Rule 4.06(2) of the GEM Listing Rules, the Company has the right to have the GLC's Decision referred to the GEM Listing Review Committee (the "**GEM Listing Review Committee**") of the Stock Exchange for review. The Company may request that the GLC's Decision be reviewed by the GEM Listing Review Committee on or before 22 April 2022. If the Company does not make such application by 22 April 2022, trading in the Shares will be suspended from 9:00 a.m. on 25 April 2022. Before that, trading in the Shares will continue. Having considered the Decision Letter, the Company will lodge a request to refer the GLC's Decision to the GEM Listing Review Committee for further review.

Further announcement(s) will be made by the Company regarding any material developments on the further review as and when appropriate and in accordance with the requirements of the GEM Listing Rules. The Board would like to remind the Shareholders and Potential Investors that the outcome of such further review is uncertain.

**Shareholders and Potential Investors who have any queries about the implications of the GLC's Decision are advised to obtain appropriate professional advice. Shareholders and Potential Investors are advised to exercise caution when dealing in the Shares.**

By order of the Board  
**Chinese Energy Holdings Limited**  
**Mr. Chen Haining**  
*Chairman and Chief Executive Officer*

Hong Kong, 12 April 2022

*As at the date hereof, the executive Directors are Mr. Chen Haining (Chairman and Chief Executive Officer of the Company) and Ms. Tong Jiangxia; and the independent non-executive Directors are Mr. Luk Chi Shing, Mr. Leung Fu Hang and Mr. Chen Liang.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 knowledges and beliefs, 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.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven (7) days from the date of its posting and on the website of the Company at [www.chinese-energy.com](http://www.chinese-energy.com).*