



**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 2024**

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

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

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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\$160,754,000 for the year ended 31 December 2024 (2023: approximately HK\$183,442,000), representing a decrease of approximately 12.4%.

Loss attributable to owners of the Company amounted to approximately HK\$26,473,000 (2023: loss of approximately HK\$17,500,000).

The Board does not recommend the payment of any dividend for the year ended 31 December 2024 (2023: 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 2024 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 2024

		2024	2023
	Notes	HK\$'000	HK\$'000
Revenue	5	160,754	183,442
Other income and gains and losses	6	4,376	1,724
Changes in inventories of finished goods		(104,625)	(128,881)
Staff costs, including directors' remuneration	12	(22,075)	(21,038)
Depreciation		(19,547)	(18,150)
Amortisation of other intangible assets		(189)	(378)
Loss arising from changes in fair value of investment properties		(8,827)	(3,459)
(Impairment loss)/reversal of impairment loss on trade receivables, net		(101)	1,100
Reversal of impairment loss on other receivables and prepayments		108	130
Other operating expenses	8	(25,012)	(22,956)
Finance costs	7	(11,965)	(8,617)
Loss before income tax	8	(27,103)	(17,083)
Income tax credit/(expense)	9	1,590	(2,542)
Loss for the year		<u>(25,513)</u>	<u>(19,625)</u>
Attributable to:			
Owners of the Company		(26,473)	(17,500)
Non-controlling interests		<u>960</u>	<u>(2,125)</u>
Loss for the year		<u>(25,513)</u>	<u>(19,625)</u>

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

*FOR THE YEAR ENDED 31 DECEMBER 2024*

	<i>Note</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
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		<b>564</b>	(5,130)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<b>(13,175)</b>	(10,028)
Release of foreign currency translation reserve upon deregistration of a subsidiary		<u><b>1,638</b></u>	<u>–</u>
Other comprehensive income for the year		<u><b>(10,973)</b></u>	<u>(15,158)</u>
Total comprehensive income for the year		<u><b>(36,486)</b></u>	<u>(34,783)</u>
Total comprehensive income attributable to:			
Owners of the Company		<b>(35,968)</b>	(31,406)
Non-controlling interests		<u><b>(518)</b></u>	<u>(3,377)</u>
		<u><b>(36,486)</b></u>	<u>(34,783)</u>
Loss per share	11		
– Basic and diluted		<u><b>HK\$(0.026)</b></u>	<u>HK\$(0.017)</u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*AS AT 31 DECEMBER 2024*

		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>437,428</b>	419,105
Investment properties		<b>184,491</b>	199,610
Goodwill		<b>14,800</b>	15,302
Other intangible assets		<b>–</b>	168
Prepayment for property, plant and equipment		<b>2,843</b>	3,959
Equity instruments measured at fair value through other comprehensive income (“FVTOCI”)		<b>15,317</b>	8,946
<b>Total non-current assets</b>		<b>654,879</b>	647,090
<b>Current assets</b>			
Inventories	13	<b>6,299</b>	8,060
Trade and bills receivables	14	<b>22,669</b>	18,974
Other receivables, deposits and prepayments	15	<b>23,350</b>	50,491
Investments held for trading		<b>49</b>	27
Cash and cash equivalents		<b>49,060</b>	30,644
<b>Total current assets</b>		<b>101,427</b>	108,196
<b>Total assets</b>		<b>756,306</b>	755,286
<b>Current liabilities</b>			
Trade payables	16	<b>11,129</b>	12,570
Contract liabilities, other payables and accruals		<b>72,377</b>	34,005
Loans from a major shareholder		<b>943</b>	943
Lease liabilities		<b>1,744</b>	1,709
Bank borrowings		<b>78,441</b>	67,642
Tax payable		<b>8,126</b>	8,682
<b>Total current liabilities</b>		<b>172,760</b>	125,551
<b>Net current liabilities</b>		<b>(71,333)</b>	(17,355)

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current liabilities</b>		
Contract liabilities, other payables and accruals	–	25,056
Loans from a major shareholder	46,100	41,819
Deferred tax liabilities	21,308	24,268
Lease liabilities	2,555	2,955
Bank borrowings	252,221	235,023
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<b>Total non-current liabilities</b>	<b>322,184</b>	329,121
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>494,944</b>	454,672
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<b>NET ASSETS</b>	<b>261,362</b>	300,614
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<b>Equity</b>		
Share capital	63,999	63,999
Reserves	154,605	190,573
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<b>Equity attributable to owners of the Company</b>	<b>218,604</b>	254,572
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<b>Non-controlling interests</b>	<b>42,758</b>	46,042
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<b>TOTAL EQUITY</b>	<b>261,362</b>	300,614
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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2024

	Equity attributable to owners of the Company									
	Share capital	Share premium account	Statutory surplus reserve	Exchange translation 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
		(Note a)	(Note b)	(Note c)	(Note d)					
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

Equity attributable to owners of the Company

	Share capital HK\$'000	Share premium account HK\$'000 (Note a)	Statutory surplus reserve HK\$'000 (Note b)	Exchange translation reserve HK\$'000 (Note c)	Property revaluation reserve HK\$'000 (Note d)	Financial assets at FVTOCI reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 31 December 2023 and 1 January 2024	63,999	727,375	6,628	10,844	34,512	131	(588,917)	254,572	46,042	300,614
Loss for the year	-	-	-	-	-	-	(26,473)	(26,473)	960	(25,513)
Other comprehensive income:										
Exchange differences on translation of foreign operations	-	-	-	(11,697)	-	-	-	(11,697)	(1,478)	(13,175)
Release of foreign currency translation reserve upon deregistration of a subsidiary	-	-	-	1,638	-	-	-	1,638	-	1,638
Changes in fair value of equity instruments at FVTOCI	-	-	-	-	-	564	-	564	-	564
Total comprehensive income	-	-	-	(10,059)	-	564	(26,473)	(35,968)	(518)	(36,486)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(2,766)	(2,766)
Balance at 31 December 2024	<u>63,999</u>	<u>727,375</u>	<u>6,628</u>	<u>785</u>	<u>34,512</u>	<u>695</u>	<u>(615,390)</u>	<u>218,604</u>	<u>42,758</u>	<u>261,362</u>

*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) 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 2024

## 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 sale and distribution of natural gas, natural gas transmission services, 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 HKFRS ACCOUNTING STANDARDS

### (a) Adoption of amended HKFRS Accounting Standards – effective on 1 January 2024

In the current year, the Group has adopted the following amended HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are first effective for the current accounting period.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

These amendments to various HKFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after 1 January 2024. None of these amendments to HKFRS Accounting Standards has a material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements. The Group has not early applied any new or amendments to HKFRS Accounting Standards that is not yet effective for the current accounting period.

*Amendments to HKAS 1– Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants*

The amendments to HKAS 1 clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.

- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments do not have any impact on these consolidated financial statements.

*Amendments to HKAS 7 and HKFRS 7– Supplier Finance Arrangements*

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

As the Group does not have supplier finance arrangements, the amendments do not have any impact on these consolidated financial statements.

*Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback*

Prior to the amendments, HKFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the amendments require a seller-lessee to determine “lease payments” or “revised lease payments” in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on these consolidated financial statements.

**(b) New and amended HKFRS Accounting Standards that have been issued but are not yet effective**

The following new and amended HKFRS Accounting Standards, 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 21 and HKFRS 1	Lack of Exchangeability <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards - Volume 11 <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>4</sup> No mandatory effective date yet determined but available for adoption

*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.

*Amendments to HKFRS 9 and HKFRS 7 – Amendments to the Classification and Measurement of Financial Instruments*

These amendments clarify the following:

- the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income.

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

*Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity*

The amendments include clarifying the application of the ‘own-use’ requirements; permitting hedge accounting if these contracts are used as hedging instruments; and adding new disclosure requirements to enable investors to understand the effect of these contracts on Company’s financial performance and cash flows.

The Group expected the adoption of these amendments will not have any significant impact on its operations or consolidated 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 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.

Since the Group has no investment on associate or joint venture, the amendments did not have any impact on these consolidated financial statements.

*HKFRS 18 – Presentation and Disclosure in Financial Statements*

HKFRS 18 Presentation and Disclosure in Financial Statements, which supersedes HKAS 1, with a focus on updates to the consolidated statement of profit or loss. Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group’s financial statements.

*HKFRS 19 – Subsidiaries without Public Accountability: Disclosures*

HKFRS 19 allows for certain eligible subsidiaries of parent entities that report under HKFRS Accounting Standards to apply reduced disclosure requirements.

As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company’s subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

### **3. BASIS OF PREPARATION**

#### **(a) Statement of compliance**

These financial statements have been prepared in accordance with HKFRS Accounting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS Accounting Standards”) issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange including the disclosure requirements of the Hong Kong Companies Ordinance.

#### **(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\$25,513,000 and at the end of the reporting period, it recorded net current liabilities of HK\$71,333,000. 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 2026 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 RMB71,105,000 (equivalent to approximately HK\$75,671,000) as at 31 December 2024, out of which the bank facilities of RMB45,387,000 (equivalent to approximately HK\$48,301,000) and bank and other loan facilities of RMB25,718,000 (equivalent to approximately HK\$27,370,000) can be utilised by the Group up to the period ending 20 September 2033 and 31 December 2025 respectively.
- III. Included in the Group’s current liabilities as at 31 December 2024 are contract liabilities of approximately HK\$10,072,000 which represented those advance payment from the customers. These contract liabilities are recognised as revenue when related performance obligations are satisfied and would not result in any future cash outflows.

#### **(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.

#### 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**

- Sale and distribution of natural gas
- Sale of heat and biomass gasification related products
- Natural gas transmission services

##### **Revenue from other sources**

- Property investment

Segment assets exclude cash and cash equivalents, equity instruments measured at FVTOCI, investments held for trading and unallocated other head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, loans from major shareholder, unallocated bank borrowings and unallocated other 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 2024 and 2023. 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 2024**

	Sale and distribution of natural gas <i>HK\$'000</i>	Sale of heat and biomass gasification related products <i>HK\$'000</i>	Natural gas transmission services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	<u>106,968</u>	<u>23,418</u>	<u>14,519</u>	<u>15,849</u>	<u>160,754</u>
Reportable segment (loss)/profit	<u>(3,812)</u>	<u>(4,892)</u>	<u>7,341</u>	<u>(4,132)</u>	<u>(5,495)</u>
Reportable segment assets	<u>99,954</u>	<u>100,054</u>	<u>261,173</u>	<u>214,116</u>	<u>675,297</u>
Reportable segment liabilities	<u>(61,322)</u>	<u>(25,593)</u>	<u>(223,200)</u>	<u>(32,364)</u>	<u>(342,479)</u>
Other segment information:					
Bank interest income	35	2	90	5	132
Unallocated: corporate and others					<u>123</u>
Total bank interest income					<u>255</u>
Gain/(loss) on disposal of property, plant and equipment	31	(22)	–	–	9
Write back of other payables	1,379	–	–	–	1,379
Impairment loss on property, plant and equipment	–	–	–	(623)	(623)
Depreciation	(8,920)	(4,375)	(1,169)	(4,339)	(18,803)
Unallocated: corporate and others					<u>(744)</u>
Total depreciation					<u>(19,547)</u>

	Sale and distribution of natural gas <i>HK\$'000</i>	Sale of heat and biomass gasification related products <i>HK\$'000</i>	Natural gas transmission services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amortisation of other intangible assets	(189)	–	–	–	(189)
Impairment loss on trade receivables	(333)	–	–	(101)	(434)
Reversal of impairment loss on trade receivables	333	–	–	–	333
Reversal of impairment loss on other receivables and prepayments	105	–	–	3	108
Loss arising from changes in fair value of investment properties	–	–	–	(8,827)	(8,827)
Additions to non-current assets	9,252	1,332	40,753	608	51,945
Other unallocated amounts					<u>7,577</u>
Total additions to non-current assets					<u><u>59,522</u></u>



For the year ended 31 December 2023

	Sale and distribution of natural gas <i>HK\$'000</i>	Sale of heat and biomass gasification related products <i>HK\$'000</i>	Natural gas transmission services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	142,773	23,890	–	16,779	183,442
Reportable segment profit/(loss)	15,954	(3,663)	(2,933)	3,285	12,643
Reportable segment assets	117,062	107,661	232,137	233,285	690,145
Reportable segment liabilities	(62,859)	(26,214)	(182,580)	(40,820)	(312,473)
Other segment information:					
Bank interest income	112	7	147	13	279
Unallocated: corporate and others					420
Total bank interest income					699
Write off of property, plant and equipment	(39)	(52)	–	–	(91)
Depreciation	(8,849)	(3,864)	(280)	(4,376)	(17,369)
Unallocated: corporate and others					(781)
Total depreciation					(18,150)

	Sale and distribution of natural gas <i>HK\$'000</i>	Sale of heat and biomass gasification related products <i>HK\$'000</i>	Natural gas transmission services <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	6,103	5,820	118,735	366	131,024
Other unallocated amounts					<u>700</u>
Total additions to non-current assets					<u><u>131,724</u></u>

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

	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Loss before income tax</b>		
Total reportable segment's (loss)/profit	<b>(5,495)</b>	12,643
Unallocated other income and gains and losses	<b>2,354</b>	510
Unallocated other corporate expenses	<b>(11,997)</b>	(21,619)
Finance costs	<b>(11,965)</b>	(8,617)
	<u></u>	<u></u>
Consolidated loss before income tax	<b>(27,103)</b>	(17,083)

	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Assets</b>		
Total reportable segment's assets	<b>675,297</b>	690,145
Cash and cash equivalents	<b>49,060</b>	30,644
Unallocated other corporate assets	<b>31,949</b>	34,497
	<u></u>	<u></u>
Consolidated total assets	<b>756,306</b>	755,286

	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Liabilities</b>		
Total reportable segment's liabilities	<b>(342,479)</b>	(312,473)
Deferred tax liabilities	<b>(21,308)</b>	(24,268)
Loans from a major shareholder	<b>(47,043)</b>	(42,762)
Unallocated bank borrowings	<b>(49,422)</b>	(40,160)
Unallocated other corporate liabilities	<b>(34,692)</b>	(35,009)
	<u></u>	<u></u>
Consolidated total liabilities	<b>(494,944)</b>	(454,672)

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

The Group derives revenue from the transfer of goods at a point in time of HK\$130,386,000 from its sale and distribution of natural gas and sale of heat and biomass gasification related products for the year ended 31 December 2024 (2023: HK\$166,663,000). The revenue from natural gas transmission services recognised over time of HK\$14,519,000 for the year ended 31 December 2024 (2023: Nil). The amounts disclosed above do not include variable consideration which is constrained.

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

**For the year ended 31 December 2024**

	Sale and distribution of natural gas <i>HK\$'000</i>	Sale of heat and biomass gasification related products <i>HK\$'000</i>	Natural gas transmission services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Primary geographical markets</b>					
PRC	106,968	23,418	14,519	15,849	160,754
<b>Major products/services</b>					
Sale of goods	106,968	23,418	–	–	130,386
Services income	–	–	14,519	–	14,519
Rental income	–	–	–	15,849	15,849
	106,968	23,418	14,519	15,849	160,754

**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>	Natural gas transmission services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Primary geographical markets</b>					
PRC	142,773	23,890	–	16,779	183,442
<b>Major products/services</b>					
Sale of goods	142,773	23,890	–	–	166,663
Services income	–	–	–	–	–
Rental income	–	–	–	16,779	16,779
	142,773	23,890	–	16,779	183,442

The Group's revenue from external customers for the years ended 31 December 2024 and 2023 was derived from the PRC (place of domicile).

**(d) Information about major customers**

For the year ended 31 December 2024, revenue from a customer in sale and distribution of natural gas segment amounted to HK\$78,416,000 which contributed approximately 49% of the Group's total revenue.

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

**5. REVENUE**

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

	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Revenue from contracts with customers		
<u>Recognised at point in time:</u>		
Sale and distribution of natural gas	<b>106,968</b>	142,773
Sale of heat and biomass gasification related products	<b>23,418</b>	23,890
<u>Recognised over time:</u>		
Natural gas transmission services	<b>14,519</b>	–
Total revenue from contracts with customers	<b>144,905</b>	166,663
Revenue from other sources		
Gross rental income	<b>15,849</b>	16,779
	<b>160,754</b>	183,442

The Group has applied the practical expedient under HKFRS 15 so that the transaction price allocated to unsatisfied performance obligations under contracts is not disclosed as such contracts have an original expected duration of one year or less.

Trade receivables from contracts with customers as at 31 December 2024 amounted to HK\$21,254,000 (2023: HK\$17,265,000).

**6. OTHER INCOME AND GAINS AND LOSSES**

	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Bank interest income	<b>255</b>	699
Sundry income	<b>1,756</b>	1,027
Foreign exchange (losses)/gains, net	<b>(60)</b>	105
Write off of property, plant and equipment	<b>–</b>	(91)
Fair value gain/(loss) on investments held for trading	<b>22</b>	(16)
Impairment loss on property, plant and equipment	<b>(623)</b>	–
Gain on disposal of property, plant and equipment	<b>9</b>	–
Gain on deregistration of a subsidiary	<b>1,638</b>	–
Write back of other payables	<b>1,379</b>	–
	<b>4,376</b>	1,724

## 7. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on bank loans and other borrowings	12,819	11,879
Interest on loans from a major shareholder	5,014	4,827
Interest on lease liabilities	386	456
	<u>18,219</u>	<u>17,162</u>
Less: Amount capitalised	<u>(6,254)</u>	<u>(8,545)</u>
	<u><u>11,965</u></u>	<u><u>8,617</u></u>

## 8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2024 HK\$'000	2023 HK\$'000
Cost of inventories sold	104,625	128,881
Depreciation of property, plant and equipment		
– owned	15,873	14,508
– right-of-use assets	3,674	3,642
	<u>19,547</u>	<u>18,150</u>
Items included in other operating expenses:		
Auditor's remuneration	1,320	1,280
Short-term lease expenses	558	525
Building management fees for self-used office premises	320	581
Investment property management fees	2,896	2,985
Entertainment and trip expenses	3,517	3,544
Legal and professional fees	1,275	900
Research and development expenses	2,030	1,007
Motor vehicle expenses	2,123	2,401
Other tax expenses	3,698	3,288

## 9. INCOME TAX

	2024 HK\$'000	2023 HK\$'000
Current tax – PRC		
– tax for the year	617	3,407
Deferred tax liabilities		
– current year	(2,207)	(865)
Total income tax (credit)/expense for the year	(1,590)	2,542

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”), Huaining China Primary Energy Limited (“Huaining CP Energy”) and Wuhu Shi Da New Energy Technology Company Limited (“Wuhu Shi Da”) obtained 高新技術企業證書 (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 2024 and 2023. Wuhu Shi Da entitled to the concessionary rate of 15% for the year ended 31 December 2024 (2023: subject to unified EIT rate of 25%).

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 2024 (2023: 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:

	2024 HK\$'000	2023 HK\$'000
Loss:		
Loss for the year attributable to owners of the Company	<u>(26,473)</u>	<u>(17,500)</u>
	<b>Number of shares</b>	
	2024	2023
	'000	'000
Weighted average of number of ordinary shares in issue	<u>1,023,987</u>	<u>1,023,987</u>

No diluted earnings per share is presented as the Group has no potential ordinary shares for the years ended 31 December 2024 and 2023.

## 12. STAFF COSTS, INCLUDING DIRECTORS' REMUNERATION

	2024 HK\$'000	2023 HK\$'000
Salaries and allowances	19,686	19,340
Retirement benefit scheme contributions	<u>2,389</u>	<u>1,698</u>
	<u>22,075</u>	<u>21,038</u>

For the years ended 31 December 2024 and 2023, 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 2024 and 2023, 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

	2024 HK\$'000	2023 HK\$'000
Finished goods	<u>6,299</u>	<u>8,060</u>

The cost of finished goods is calculated using weighted average method as at 31 December 2024 and 2023.



#### 14. TRADE AND BILLS RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	27,240	24,994
Less: provision for impairment	<u>(5,826)</u>	<u>(6,020)</u>
	21,414	18,974
Bills receivables	<u>1,255</u>	<u>–</u>
	<u><b>22,669</b></u>	<u><b>18,974</b></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 sale and distribution of natural gas respectively. For the sale of heat business and natural gas transmission services 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.

As at 31 December 2024, all bills receivables are due for settlement within 90 days and not past due.

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

	2024 HK\$'000	2023 HK\$'000
At 1 January	6,020	8,161
Impairment loss recognised	434	439
Reversal of impairment loss	(333)	(1,539)
Amount written off as uncollectible	(98)	(849)
Exchange realignment	<u>(197)</u>	<u>(192)</u>
At 31 December	<u><b>5,826</b></u>	<u><b>6,020</b></u>

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

	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Within 30 days	<b>21,899</b>	18,362
31 – 60 days	<b>131</b>	149
61 – 90 days	<b>61</b>	73
Over 90 days	<b>578</b>	390
	<b>22,669</b>	18,974

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

	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Not past due	<b>21,223</b>	17,857
Less than 31 days past due	<b>783</b>	654
31 – 60 days past due	<b>26</b>	73
61 – 90 days past due	<b>61</b>	73
Over 90 days but less than 1 year past due	<b>548</b>	291
More than 1 year past due	<b>28</b>	26
	<b>1,446</b>	1,117
	<b>22,669</b>	18,974

- (e) The Group has not pledged any of its trade and bills receivables as at 31 December 2024 (2023: Nil).

## 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 HK\$'000	2023 HK\$'000
Other receivables and deposits	16,016	16,851
Value added tax recoverable	7,058	23,162
Prepayments	7,539	18,009
	<u>30,613</u>	<u>58,022</u>
Less: provision for impairment loss on other receivables and prepayments	<u>(7,263)</u>	<u>(7,531)</u>
	<u><u>23,350</u></u>	<u><u>50,491</u></u>

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

	2024 HK\$'000	2023 HK\$'000
At 1 January	7,531	8,218
Reversal of impairment loss	(108)	(130)
Exchange realignment	<u>(160)</u>	<u>(557)</u>
At 31 December	<u><u>7,263</u></u>	<u><u>7,531</u></u>

## 16. TRADE PAYABLES

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

	2024 HK\$'000	2023 HK\$'000
Within 30 days	8,174	7,745
31 – 60 days	480	749
61 – 90 days	226	630
Over 90 days	<u>2,249</u>	<u>3,446</u>
	<u><u>11,129</u></u>	<u><u>12,570</u></u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

#### **Financial Performance**

The Group's total revenue for 2024 experienced a decline of 12.4% compared to the corresponding period in 2023. This decrease was primarily attributed to a reduction of demand and price of natural gas due to market and weather conditions during the year, which adversely impacted the revenue of certain operations within the Group. Additionally, the relatively weak performance of the Renminbi in 2024 further contributed to the revenue decline.

#### **Economic Overview**

The international economic landscape in 2024 presented several notable trends and challenges. The United States of America (the "USA") demonstrated stable economic growth, with an annual gross domestic product ("GDP") growth rate of approximately 2.1%. However, this growth fell short of expectations due to weaker consumer spending and negative contributions from net trade. In the Eurozone, economic growth remained sluggish, with GDP growth in the first quarter reaching only approximately 0.3%. While the services sector performed strongly, the manufacturing sector continued to face challenges.

In contrast, the economy of The People's Republic of China (the "PRC") grew by approximately 5.0% in 2024. Despite persistent challenges such as a sluggish real estate market and slow consumption recovery, manufacturing and domestic demand showed resilience. However, escalating political and trade tensions between the PRC and the USA in 2024 posed additional risks. Fortunately, the Group's performance was not significantly affected, as the growing demand for clean energy in the PRC served as a key driver for the growth of the Group's natural gas business.

#### **Natural Gas Business: Core Operations**

The natural gas business remains the cornerstone of the Group's operations. In 2024, this segment maintained stable performance, supported by the PRC government's policies promoting the use of clean energy. The Board of Directors (the "Board") remains optimistic about the prospects of the natural gas business, particularly given initiatives such as the expansion of natural gas usage for vehicles and industrial users, as well as the establishment of a dedicated natural gas network department. The Group operates its natural gas business across various regions and provinces in the PRC, primarily serving industrial customers.

### **Biomass Gasification Heating Supply Business**

The biomass gasification heating supply business in Huaining County, Anhui Province, demonstrated steady growth in 2024. With strong demand for heat supply in the region, the Group anticipates this segment will generate significant revenue in the future. However, as part of the factory construction remained incomplete during the year, the revenue generated was insufficient to cover operating costs, resulting in a segment loss in 2024. The Group expects this situation to improve upon the completion of construction, which will enable full-scale operations and drive revenue growth. The segment is projected to achieve breakeven in the near future.

### **Property Investment Business**

The property investment business in Yichang continued to provide stable cash flow for the Group in 2024. The Group's investment properties are located in an industrial park developed by the Yichang government, focusing on vehicle parts manufacturing. As a result, all tenants are manufacturers of vehicle parts. While rental income experienced a slight decline due to the overall performance of the property market, the sector remains supported by the Yichang government's development initiatives. The Group believes the property investment business will continue to be a key contributor to its operations.

### **CONTINUING CONNECTED TRANSACTIONS**

On 5 August 2024, Yichang China Primary Natural Gas Utilisation Company Limited<sup>#</sup> (宜昌中基天然氣利用有限公司) ("China Primary Utilisation"), being an indirect non-wholly owned subsidiary of the Company, entered into an agreement (the "Natural Gas Transmission Agreement") with Yichang City Yiling District China Primary Thermal Power Co. Limited<sup>#</sup> (宜昌市夷陵區中基熱電有限公司) ("Yiling China Primary Thermal Power"), pursuant to which China Primary Utilisation agreed to provide natural gas transmission services to Yiling China Primary Thermal Power by transmitting natural gas through the pipeline owned by China Primary Utilisation from the natural gas transmission station(s) to the natural gas delivery point(s) designated by Yiling China Primary Thermal Power for a term of three years.

Yiling China Primary Thermal Power is a company established in the PRC with limited liability and is principally engaged in the production and selling of electricity power. Yiling China Primary Thermal Power is statutorily owned as to 90% by Beijing Jingneng Clean Energy Co., Limited ("Beijing Jingneng") and 10% by China Primary Energy (Shenzhen) Limited<sup>#</sup> (中基能源(深圳)有限公司), being an indirect wholly-owned subsidiary of the Company. Beijing Jingneng is in turn a company established in the PRC with limited liability and the issued shares of which are listed on Main Board of the Stock Exchange (stock code: 579).

In view of the increasing demand for natural gas, the Group has expanded its natural gas business and completed the construction of the clean energy business in Yichang, the PRC. Leveraging the close geographical locations between China Primary Utilisation and Yiling China Primary Thermal Power, the Company considers it is in its best interest to establish the business relationship between the Group and Yiling China Primary Thermal Power and/or its associates, provided that such parties shall pay to the Group transmission fee at prices comparable to market prices and are considered to be fair and reasonable to the Group.

The initial transmission fee for the period from the date of the Natural Gas Transmission Agreement to 31 December 2024 was RMB0.298 per cubic meter of natural gas in standard state (equivalent to approximately HK\$0.325). Thereafter, the transmission fee shall be reviewed and determined on an annual basis at the beginning of each year. Further details were disclosed in the announcement of the Company dated 5 August 2024.

The independent non-executive Directors had reviewed the above continuing connected transaction pursuant to Rule 20.53 of the GEM Listing Rules, and had confirmed that the continuing connected transaction had been entered into: (1) in the ordinary and usual course of business of the Group; (2) on normal commercial terms or better; and (3) according to the terms of the relevant agreement governing it that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The total amount of transmission fee payable under the Natural Gas Transmission Agreement during the year ended 31 December 2024 have not exceeded the annual cap amounts of RMB20,000,000 (equivalent to approximately HK\$21,284,000).

The Board has received a confirmation from the auditor of the Company with respect to the above continuing connected transaction and the letter stated that for the year ended 31 December 2024:

- (1) nothing has come to the auditor's attention that causes them to believe that the continuing connected transaction has not been approved by the Board;
- (2) for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (3) nothing has come to the auditor's attention that causes them to believe that the transaction was not entered into, in all material respects, in accordance with the relevant agreement governing such transaction; and

- (4) with respect to the aggregate amount of the above continuing connected transaction, nothing has come to the auditor's attention that causes them to believe that the continuing connected transaction has exceeded the annual cap as set by the Company.

Save as disclosed above, there is no related party transaction or continuing related party transaction falls into the category of connected transaction or continuing connected transaction that needs to be disclosed under the GEM Listing Rules. The Directors confirmed that the Company had complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

## **FINANCIAL REVIEW**

Total revenue was approximately HK\$160,754,000 for the year ended 31 December 2024, which represented a decrease of approximately 12.4% when compared with last year's total revenue of approximately HK\$183,442,000. The Board believes that revenue of the Group will be improved with the growing of the clean energy business, especially the Yichang operation in 2025.

During the year under review, audited loss before income tax was approximately HK\$27,103,000 (2023: loss of approximately HK\$17,083,000). The loss attributable to owners of the Company was approximately HK\$26,473,000 (2023: loss of approximately HK\$17,500,000). The loss was increased when compared to the corresponding period of last year mainly because of decrease in natural gas demand and price in 2024 which in turn reduced the revenue of certain operations of the Group and the relative weak performance of Renminbi in 2024. 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 STRATEGIC FOCUS**

Despite facing multiple challenges, the global economy exhibited signs of recovery in 2024. However, geopolitical risks and the high-interest-rate environment remain areas of concern. Fortunately, the Group's operations, particularly in natural gas transmission and distribution and property investment, are more reliant on domestic demand and the essential nature of natural gas, insulating the business from direct and significant global economic impacts. Nevertheless, the Company will continue to monitor the situation closely and assess any potential effects on its operations and financial performance.

In light of the uncertain global political and economic climate, the Board and management are committed to adopting a cautious and prudent approach to managing the Group's operations. At the same time, the Board is actively exploring potential investment opportunities to enhance the Company's long-term value and ensure sustainable growth.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2024, net assets of the Group were approximately HK\$261,362,000 (2023: approximately HK\$300,614,000) while its total assets were approximately HK\$756,306,000 (2023: approximately HK\$755,286,000) including cash and bank balances of approximately HK\$49,060,000 (2023: approximately HK\$30,644,000).

## **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 2024, current assets of the Group amounted to approximately HK\$101,427,000 which included cash and bank balances of approximately HK\$737,000 and approximately RMB45,406,000 (equivalent to HK\$48,323,000), while current liabilities stood at approximately HK\$172,760,000. The Group has borrowings of approximately HK\$399,922,000. Equity attributable to owners of the Company amounted to approximately HK\$218,604,000. In this regard, the Group was in a net assets position and had a gearing ratio of approximately 183% (borrowings to equity attributable to owners of the Company) as of 31 December 2024.

## **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 balances 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 2024, 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 2024, 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 2024. No material plan for future investment was noted as at the date of this annual results announcement.

## **EMPLOYEE INFORMATION**

As at 31 December 2024, the Group had 9 full-time employees working in Hong Kong and 152 full-time employees working in the PRC. Total employees' remuneration (including Directors' remuneration) for the year under review amounted to approximately HK\$22,075,000. 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. During the year under review, the Audit Committee held four meetings and performed duties including reviewing the Group's annual report, half-yearly report and announcements. After reviewing the Group's financial statements for the year ended 31 December 2024, the Audit Committee is of the opinion that the financial statements of the Group for the year ended 31 December 2024 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 2024 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 2024. 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 2024.

## **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 2024:

### **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 2024, 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, 24 March 2025

*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](http://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>.*