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)

2024 ANNUAL REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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This annual report, 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 annual report 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 annual report misleading.

Contents

Expressed in Hong Kong dollars ("HK$")

for identification only

Corporate Information

Board of directors

Executive Directors

Ms. Ma Zheng *(Chairman)*
Mr. Yuan Geng

Non-Executive Director

Mr. Ji Jianghua

Independent Non-Executive Directors

Mr. Wan Tze Fan Terence
Mr. Chung Chin Keung
Mr. Sung Ren Keh

Registered office, head office and principal place of business

Registered office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Head office and principal place of business

Room 518, 5/F, Tower B
New Mandarin Plaza
14 Science Museum Road
Tsim Sha Tsui East
Kowloon
Hong Kong

Company secretary

Mr. Wong Chun Sing

Audit committee

Mr. Wan Tze Fan Terence *(Chairman)*
Mr. Chung Chin Keung
Mr. Sung Ren Keh

Nomination committee

Mr. Chung Chin Keung *(Chairman)*
Mr. Wan Tze Fan Terence
Mr. Sung Ren Keh

Remuneration committee

Mr. Chung Chin Keung *(Chairman)*
Mr. Wan Tze Fan Terence
Mr. Sung Ren Keh

Authorised representatives

Ms. Ma Zheng
Mr. Yuan Geng

Principal bankers

China Construction Bank (Asia) Corporation Limited
DBS Bank (Hong Kong) Limited

Cayman Islands principal share registrar and transfer office

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

Hong Kong branch share registrar and transfer office

Tricor Investor Services Limited*
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Stock code

8117

Website

https://china-p-energy.etnet.com.hk

Cayman Islands assistant secretary

Conyers Trust Company (Cayman) Limited

Auditor

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditors
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

* in effect from 1 March 2025

Chairman's Statement

It is with great honor that I present the annual results of China Primary Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024.

Operations

As the global economy continued its recovery in 2024, the world faced new challenges, including escalating geopolitical tensions and evolving trade dynamics between the People's Republic of China (the "PRC") and the United States of America (the "USA"). While these factors have impacted many businesses engaged in international trade, the Group has remained resilient, thanks to its strong focus on the domestic market. The majority of our operations and customer base are concentrated within the PRC, which has shielded us from the most severe external pressures.

In 2024, the Group further solidified its core businesses across key locations in Yichang, Fujian, and Anhui. In Yichang, our industrial park investment properties achieved high occupancy, delivering consistent rental income and positive cash flow. Additionally, the construction of our clean energy facility in Yichang was successfully completed, with operations commencing in late 2024. Leveraging our extensive experience in the energy sector and our strategic partnership with Beijing Jingneng Clean Energy Co. Ltd., we are confident that this new venture will become a cornerstone of our clean energy portfolio. The natural gas combined heat and power cogeneration project, in particular, is expected to make a significant contribution to the Group's growth in the coming years.

The natural gas segment remained a cornerstone of the Group's operations in 2024. As the global transition to clean energy accelerates, natural gas continues to be a critical component of the PRC's energy strategy. The government's ongoing policies promoting clean energy adoption have further bolstered our natural gas business. In 2024, the Group expanded its natural gas operations in Wuhu, with Yichang emerging as a new strategic hub for the natural gas business.

Our biomass gasification heating plant in Huaining County, Anhui Province, also demonstrated stable growth in 2024. As a relatively new but promising segment of our clean energy business, biomass gasification heating aligns with the increasing demand for sustainable energy solutions in the region. We remain optimistic about its potential, particularly given the high demand for heat energy in Anhui Province.

Financial Performance

The Group's revenue in 2024 decreased when compare to 2023. The reasons were reduction in demand and price of natural gas. We believe the impact is not in long run. Despite certain asset impairments, the Group's financial performance met expectations. With the elimination of several negative factors, we anticipate a better performance in 2025.

Future Development

After years of strategic restructuring and development, the Group is well-positioned for future growth. Clean energy remains as the heart of our business strategy, and we are committed to expanding our market share within the PRC. Our natural gas distribution and property investment businesses, which are closely tied to domestic demand, provide a stable foundation that is less susceptible to global economic fluctuations. Nevertheless, we will continue to monitor the external environment closely and adapt our strategies as needed to mitigate any potential risks.

As Chairman of the Company, I am dedicated to lead the Board and work closely with the management team to achieve our strategic objectives. With the unwavering support of our talented team and valued business partners, I am confident that the Group will emerge as a significant clean energy operator in different cities and regions across the PRC. Furthermore, we remain actively engaged in exploring new investment opportunities to enhance shareholder value. I am pleased to assure our shareholders that their returns will continue to grow in the near future.

Acknowledgments

On behalf of the Board, I would like to extend my heartfelt gratitude to our shareholders, fellow directors, employees, customers, suppliers, professional advisors, and business partners for their support and contributions. The year 2024 presented its share of challenges, but with your dedication and collaboration, the Group has made significant strides toward its goals. As we look ahead to 2025, I am confident that, together, we will overcome any obstacles and achieve even greater success.

MA ZHENG
Chairman

Hong Kong, 24 March 2025

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# (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# (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# (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 set out in Note 38 to the financial statements that 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 7 to the financial statements.

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 report.

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

For the description of the duty and work of the Audit Committee, please refer to the section "Audit Committee" in the Directors' report on page 21.

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.

Biographical Details of Directors and Senior Management

Directors

Ms. Ma Zheng, aged 58

Chairman and Executive Director

Ms. Ma joined the Group in February 2004. She is currently the chairman and the major shareholder of the Company. Ms. Ma has over 35 years of experience in international trade, electronic industry and corporation management. She graduated from Wuhan University majoring in construction structure engineering.

Mr. Yuan Geng, aged 59

Executive Director

Mr. Yuan joined the Group in 2013 as the Vice President of the Company and Executive President of the mainland group. Mr. Yuan has appointed as executive director of the Company on 18 February 2021. He holds a doctor of engineering degree and a master degree in management. Mr. Yuan has over 34 years of experience of operating and technical management in the energy sector and he is currently an executive director of the China Gas Society. Mr. Yuan had worked for a Hong Kong listed company – China Gas Holdings Limited as chief engineer, and various energy related companies in the PRC prior to his joining the Group. He is also the compliance officer of the Company.

Mr. Ji Jianghua, aged 45

Non-executive Director

Mr. Ji joined the Group in June 2018. Mr. Ji joined China Vanke Co., Ltd.[#] ("China Vanke") (Shenzhen Stock Exchange: stock code 000002, The Stock Exchange of Hong Kong Limited: stock code 2202) in May 2005 and is now the securities affairs representative of China Vanke. He also serves as an independent director of China Baoan Group Co., Ltd (Shenzhen Stock Exchange: stock code 000009). Before joining China Vanke, he worked as a researcher at Shanghai Jinxin Securities Research Institute Co., Ltd. from August 2004 to May 2005. Mr. Ji graduated from the Tianjin Institute of Finance and Economics (currently Tianjin University of Finance and Economics) in 2001 with a Bachelor's degree in Management. He graduated from Shanghai University in 2004 with a Master's degree in Economics.

Biographical Details of Directors and Senior Management

Mr. Wan Tze Fan Terence, aged 60

Independent Non-executive Director

Mr. Wan joined the Group in March 2004. Mr. Wan holds a bachelor degree of commerce and a master degree of business administration. Mr. Wan has years of experience in accounting and financial management and has worked for international accounting firms and listed companies in Hong Kong. He is a fellow member of Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia. Mr. Wan is currently an executive director and chief financial officer of Sino Oil and Gas Holdings Limited (stock code: 702) which is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Chung Chin Keung, aged 57

Independent Non-executive Director

Mr. Chung joined the Group in February 2008. Mr. Chung holds a bachelor degree in Business Administration from the Hong Kong Baptist University and a master degree in Business Administration from Manchester Business School. Mr. Chung is a fellow member of The Association of Chartered Certified Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Institute of Chartered Accountants in England and Wales and a member of The Taxation Institute of Hong Kong. He has more than 32 years of experience in finance, accounting and management. Mr. Chung is currently the financial controller and company secretary of China Financial Services Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Sung Ren Keh, aged 61

Independent Non-executive Director

Mr. Sung Ren Keh holds a master degree of engineering in manufacturing management from University of South Australia and a bachelor degree in mechanical engineering from Chung Cheng Institute of Technology, Taiwan. He has over 20 years of management and operating experience in new energy and wireless communication domain from companies in the PRC, USA and Taiwan. He was the vice chairman of Ningbo Shanshan Bada Power Train Co., Ltd., and was a manufacturing consultant of 24M technologies Inc., USA for semi-solid Li battery factory design in the PRC.

Senior management

Mr. Wong Chun Sing, aged 54

Financial Controller and Company Secretary

Mr. Wong joined the Group in April 2008. Mr. Wong holds a master degree in business administration. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Mr. Wong has over 31 years of management experience in the accounting and finance sector and he had worked for an international accounting firm, listed companies and securities and finance companies in Hong Kong.

Directors' Report

The Directors herein present their report and the audited financial statements for the year ended 31 December 2024.

Principal activities

The principal activity of the Company is investment holding. The Company and its subsidiaries are principally engaged in (i) sale and distribution of natural gas; (ii) natural gas transmission services; (iii) sale of heat and biomass gasification related products; and (iv) property investment in the PRC. Details of the principal activities of its subsidiaries are set out in Note 18 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

An analysis of the Group's performance for the year by business and geographical segment is set out in Note 7 to the financial statements.

Business review and future development

Business review of the operations of the Group for the year ended 31 December 2024 and outlook and future prospects are set out in the separate Environmental, Social and Governance (the "ESG") Report 2024 (the "ESG Report") and the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" of this annual report.

The above sections or reference form part of the Directors' Report.

Results and appropriations

The results of the Group for the year ended 31 December 2024 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 42 to 118.

The Board does not recommend the payment of any dividend.

Share capital

Details of the movements in share capital of the Company during the year are set out in Note 32 to the financial statements.

Reserves

Details of the movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and Note 43 to the financial statements, respectively.

Distributable reserves

As at 31 December 2024 and 2023, the Company had no retained profit available for distribution to shareholders of the Company. However, in accordance with the laws of the Cayman Islands and the Company's articles of association (the "Articles of Association"), the share premium account of HK$714,488,000, subject to solvency test, available for distribution to shareholders of the Company.

Directors' Report

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 16 to the financial statements.

Particulars of investment properties

A summary of the particulars of investment properties is set out on page 119.

Pre-emptive rights

There is no provision for pre-emptive rights under the Articles of Association and there is no restriction against such rights under the laws of the Cayman Islands, which will oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Dividend policy

The Company has adopted a dividend policy (the "Dividend Policy"), pursuant to which the Company may distribute dividends to the shareholders of the Company by way of cash or shares. Any distribution of dividends shall be in accordance with the Articles of Association and the distribution shall achieve continuity, stability and sustainability.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the shareholders of the Company. In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's earnings per share, the reasonable return in investment of the investors and the shareholders in order to provide incentive to them to continue to support the Group in their long-term development, the financial conditions and business plan of the Group, and the market sentiment and circumstances.

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

The Board does not recommend the payment of final dividend for the year ended 31 December 2024.

Financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 120.

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.

Directors

The Directors during the year and up to the date of this annual report were as follows:

Executive Directors

Ms. Ma Zheng
Mr. Yuan Geng

Non-Executive Director

Mr. Ji Jianghua

Independent Non-Executive Directors

Mr. Wan Tze Fan Terence
Mr. Chung Chin Keung
Mr. Sung Ren Keh

In accordance with article 84(1) of the Articles of Association, Mr. Wan Tze Fan Terence and Mr. Sung Ren Keh, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Pursuant to the code provision B.2.3 of the Code as set out in Part 2 of Appendix C1 of the GEM Listing Rules, any further appointment of independent non-executive director serving more than 9 years should be subject to a separate resolution to be approved by the Shareholders.

As at the date of this annual report, it is noted that two independent non-executive Directors, Mr. Wan Tze Fan Terence and Mr. Chung Chin Keung have served the Board for more than 9 years. In view of the professional qualifications and extensive experience of each of Mr. Wan Tze Fan Terence and Mr. Chung Chin Keung in the accounting, financial management field and legal field respectively, the Board believes that they are capable of providing constructive contributions in relation to the Company's affairs. The Board considers that Mr. Wan Tze Fan Terence and Mr. Chung Chin Keung continue to be independent as they satisfied all the criteria for independence set out in Rule 5.09 of the GEM Listing Rules. As at the date of this annual report, Mr. Wan Tze Fan Terence has served the Board for 20 years and Mr. Chung Chin Keung has served the Board for 17 years.

Subject to compliance with relevant GEM Listing Rules requirements, all other remaining Directors will continue in office.

All Directors are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the provisions of the Articles of Association and code provision B.2.2 of the Code as set out in Part 2 of Appendix C1 of the GEM Listing Rules.

Mr. Wan Tze Fan Terence is an independent non-executive Director and was appointed without a specific term.

Directors' Report

Biographical details of directors and senior management

Brief biographical details of directors and senior management are set out on pages 11 and 12.

Director's service contract

Ms. Ma Zheng and Mr. Yuan Geng, executive Directors, have renewed their service contracts with the Company for a term of two years commenced on 1 January 2024 and 18 February 2025 respectively. They are subject to termination by either party giving not less than three months' written notice. Their service contracts are exempt from the shareholders' approval requirement under Rule 17.90 of the GEM Listing Rules.

Independence of independent non-executive directors

Each of the independent non-executive Directors has confirmed his independence to the Company pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers the independent non-executive Directors to be independent.

Directors' interests

No contract of significance to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation

As at 31 December 2024, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

The approximate percentage of interests set out below is based on 1,023,987,439 ordinary shares in issue as at 31 December 2024.

Long position in the ordinary shares of HK$0.0625 each in the Company as at 31 December 2024:

	Number of ordinary shares held		
Name of Directors	**Type of interests**	**Number of ordinary shares**	**Approximate percentage of interests**
Ms. Ma Zheng	Beneficial	373,951,632	36.52%
Mr. Yuan Geng	Beneficial	19,320,633	1.89%

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executive of the Company had any other interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations, within the meaning of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Share option

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

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

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

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

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

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

Subject to the obtaining of Shareholders' approval with respect to the adoption of the Share Option Scheme at the 2022 AGM, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and another other schemes must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date unless the Company obtains a fresh approval from Shareholders to renew the 10% Scheme Mandate Limit (as defined in the Share Option Scheme) on the basis that the maximum number of Shares in respect of which Options may be granted under the Share Option Scheme together with any Options outstanding and yet to be exercised under the Share Option Scheme and any other schemes shall not exceed 30% of the issued share capital of the Company from time to time. Having taken into accounts of the outstanding Options, which are less than 10% of the total number of shares in issue, the Company is of the view that the 30% threshold requirement can be met.

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

No Options were granted by the Company and no Options were exercised during the period under review. No Options were outstanding as at 31 December 2024.

Substantial shareholders' interests and short positions in the shares and underlying shares of the Company

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31 December 2024, the Company had been notified that the following substantial shareholders having the following interests and short positions, being 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, in the Company. These interests are shown in addition to those disclosed above in respect of the Directors and chief executives:

The approximate percentage of interests set out below is based on 1,023,987,439 ordinary shares in issue as at 31 December 2024.

Long position in the ordinary shares of HK$0.0625 each in the Company as at 31 December 2024:

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

Notes:

1. Excel Sino Investments Limited, a company incorporated in the British Virgin Islands with limited liability, is beneficially owned as to 80% by Tung Shing Energy Investment Limited, a company incorporated in the British Virgin Islands (which in turn is 100% beneficially owned by Ms. Guo Xiuqin), and as to the remaining 20% by an independent investor. Tung Shing Energy Investment Limited and Ms. Guo Xiuqin are deemed to be interested in these underlying shares under SFO.

2. Ultra Vantage Holdings Limited, a company incorporated in Samoa with limited liability, is jointly owned by Ms. Lu Ke and Mr. Ji Shengzhi. Ms. Lu Ke and Mr. Ji Shengzhi are deemed to be interested in these underlying shares under SFO.

3. Winmaxi (BVI) Company Limited ("Winmaxi") is a company incorporated in the British Virgin Islands with limited liability and is a subsidiary of China Vanke Co., Ltd.# (萬科企業股份有限公司), a company listed on The Stock Exchange of Hong Kong Limited.

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

Directors' Report

Save as disclosed above, as at 31 December 2024, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares and underlying shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or who had an interest, directly or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or any other substantial shareholders whose interests or short position were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Directors' rights to acquire shares

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

Management contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

Major customers and suppliers

Sales to the Group's five largest customers accounted for approximately 67% of the total sales for the year, and sales to the largest customer included therein amounted to approximately 49%.

Purchases from the Group's largest supplier accounted for approximately 36% of the total purchases for the year and the five largest suppliers accounted for approximately 66% of the Group's total purchases for the year.

None of the Company's Directors or their respective associates (as defined in the GEM Listing Rules) or the existing shareholders, which, to the knowledge of the Directors holding more than 5% of the Company's issued share capital, had any interests in the Group's five largest customers or suppliers at any time during 2024.

Corporate governance

A report on the principal corporate governance practice adopted by the Company is set out on pages 24 to 34.

Audit committee

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and Code Provisions D.3.3 and D.3.7 of the Code. The primary role and function of the Audit Committee, among other things, are to (i) review the financial controls, internal controls and risk management systems of the Group; (ii) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; and (iii) review the financial statements and the interim and annual reports of the Group. During the year under review, the Audit Committee comprises three members, Mr. Wan Tze Fan Terence, Mr. Chung Chin Keung and Mr. Sung Ren Keh who are the independent non-executive Directors of the Company. During the year under review, the Audit Committee held four meetings and performed duties including reviewing the Group's interim and annual reports 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.

Remuneration committee

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

Nomination committee

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

Connected and related party transactions

Details of the related party transactions during the year are included in Note 38 to the financial statements. The Directors are of the opinion that the related party transactions were conducted on normal commercial terms and in the ordinary course of business and did not require reporting pursuant to Chapter 20 of the GEM Listing Rules.

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.

Principal risks and uncertainties

The Group's financial condition, results of operations, business and prospects would be affected by a number of risks and uncertainties including business risks, operational risks and financial management risks.

Starting from 2014, the Group operated natural gas business in the PRC. The demand of the natural gas business mainly relies on the PRC government policy on energy and the supply of natural gas from natural gas producers. The natural gas price fluctuates and is determined by the global environment which is a major uncertainty of the natural gas business of the Group.

Details of the financial risk management are disclosed in Note 40 to the financial statements.

Environmental policies and performance

As a responsible listed company, the Board ensures the Group is committed to support the environmental sustainability. The Group endeavours to comply with laws and regulations regarding environmental protection and adopts effective measures to achieve efficient use of resources, energy saving and waste reduction. The clean energy segment and investment properties segment of the Group are non-polluting businesses and do not produce much waste and polluted materials. The management ensures that environmental protection remains a major element of our operations.

Generally, the Group is committed to maintain an environmental friendly corporation to conserve natural resources. The Group strives to minimise our environmental impacts by saving electricity and encouraging recycle of office supplies and other materials. Detail information on the ESG practices adopted by the Company is set out in the ESG Report which is presented in a separate report and published on the websites of the Company under the heading "Corporate Report" and the Stock Exchange. If the shareholders of the Company wish to receive a printed copy of ESG Report, they may submit their request to the Company c/o Tricor Investor Services Limited, the branch share registrar and the transfer office of the Company in Hong Kong at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by post.

Compliance with relevant laws and regulations

As far as the Board is aware, the Group has complied in all material aspects of relevant laws and regulations that may have significant impacts on the business and operation of the Group. During the year under review, there was no material breach of or non-compliance with applicable laws and regulations by the Group.

Relationship with employees, customers and suppliers

The Group believes that employees are valuable assets. The Group provides competitive remuneration packages to attract and motivate the employees and such packages are reviewed regularly. The Company also grants share options to employees with good performance.

The Group understands the importance of maintaining good relationship with our suppliers and customers to meet our corporate goals. The Group communicates with suppliers and customers constantly to exchange ideas and views. We provide information on development of the Group to suppliers and customers so that they are confident with the Group's prospects so as to maintain a strong relationship.

Permitted indemnity provision

The Articles of Association provides that the Directors shall be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duties, or supposed duties, in their respective offices or trusts.

The Company has taken out and maintained directors' liability insurance which provides appropriate cover for the Directors.

Sufficiency of public float

The Company had maintained sufficient public float throughout the year ended 31 December 2024.

Contingent liabilities

As at 31 December 2024, the Directors were not aware of any material contingent liabilities.

Significant event after the reporting date

Save as disclosed above, there is no significant event after the reporting date up to the date of this annual report.

Auditor

The financial statements have been audited by BDO Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as the auditor of the Company. There has been no change in auditor of the Company in any of the preceding three years.

On behalf of the Board

Ma Zheng
Chairman

Hong Kong, 24 March 2025

Corporate Governance Report

(A) Corporate governance practices

The Company has applied the principles and complied with all the code provisions set out in the Corporate Governance Code (the "Code") contained in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (collectively referred as the "GEM Listing Rules") for the year ended 31 December 2024, with the exception of a deviation as set out under section (D) below. The application of the relevant principles and the reasons for the abovementioned deviation are contained in this report.

The Company strives to attain and maintain high standards of corporate governance to enhance shareholder value and safeguard shareholder interests. The Company's corporate governance principles emphasise the need to have a quality Board, effective internal control and accountability to shareholders.

(B) Directors' securities transactions

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. All Directors confirmed they had complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors throughout the year.

(C) Board of directors

The Company is governed by the Board, which has the responsibility for leading and controlling the Company. The Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. More specifically, the Board formulates strategy, monitors its financial performance and maintains effective oversight over management. The Board delegates daily operations and administration of the Company to management.

The Board includes (up to the approval date of these financial statements) the Chairman together with one executive Director, one non-executive Director and three independent non-executive Directors, and their biographical details have been set out in the "Biographical Details of Directors and Senior Management" section.

Board Meetings

The Company Secretary is responsible to the Board for providing with Board papers and related materials, for ensuring that all Board procedures and all applicable laws, rules and regulations are followed, and for reporting to the Chairman and/or the chief executive on governance matters. All Directors have unrestricted access to the advice and services of the Company Secretary. The Company Secretary also keeps minutes of all meetings which are available for inspection at any reasonable time on reasonable notice by any Director.

In case where a conflict of interest may arise involving a substantial shareholder or a director, such matter will be discussed through an actual meeting and will not be dealt with by written resolutions. Independent non-executive Directors with no conflict of interest will be presented at meetings dealing with such conflict issues. The board committees, including the audit committee, the remuneration committee and the nomination committee, have all adopted the applicable practices and procedures used in board meetings for all committee meetings. If considered to be necessary and appropriate by the Directors, they may retain independent professional advisors at the Group's expense.

The Board meets regularly and held 6 Board meetings in 2024. At least 14 days' notice of the regular Board meetings were given to all Directors, who were all given an opportunity to include matters in the agenda for discussion. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each regular board meeting or committee meeting to keep Directors apprised of the latest development and financial position of the Company and to enable them to make informed decisions. The Directors attended the meetings in persons or through other means of electronic communication in accordance with the Articles of Association. During regular Board meetings, the Directors discussed and formulated the overall strategies of the Group, reviewed and approved the annual and interim results, as well as discussed and decided on other significant matters of the Group. All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board. Individual attendance records of each Director at the respective Board and committee meetings are set out in the section of "Directors' Attendance Record at Meetings" of this report.

Board Diversity

The Board has adopted a Board Diversity Policy. The Board seeks to achieve Board diversity through different aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The Board also takes into account factors based on the Company's own business development and specific needs from time to time. In assessing and selecting a candidate for acting as a Director, the criteria to be considered including but not limited to (i) qualifications including professional qualifications, skills, knowledge and experience; (ii) commitment to attending the meetings and participating in relevant training and other board associated activities; and (iii) such other perspectives that are appropriate to the Company's business and succession plan and from time to time.

Currently, the ratio of male and female members in the Board is 5:1. The Board will seek to achieve balance of Board gender diversity when new members are appointed in the future.

Continuous Professional Development

Pursuant to code provision C.1.4 of the Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this report, all Directors have participated in continuous professional development by attending seminars or programmes or studying relevant materials on the topics related to corporate governance and regulations.

The individual training record of each Director received for the year ended 31 December 2024 is summarised below:

Name of Directors	Attending seminar(s) or programme(s)/ studying relevant materials in relation to the business or directors' duties
	Yes/No
Executive Directors	
Ms. Ma Zheng *(Chairman)*	Yes
Mr. Yuan Geng	Yes
Non-executive Director	
Mr. Ji Jianghua	Yes
Independent non-executive Directors	
Mr. Wan Tze Fan Terence	Yes
Mr. Chung Chin Keung	Yes
Mr. Sung Ren Keh	Yes

All Directors also understand the importance of continuous professional development and are committed to participate in any suitable training or study relevant materials in order to develop and refresh their knowledge and skills.

During the year under review, there was no conflict of interest in any matters with the substantial shareholders and Directors of the Company. In addition, if the Board considers a Director to be having a conflict of interest, that Director will be required to abstain from voting.

(D) Chairman and chief executive officer

For the year 2024, the Company still did not have an officer with the title of "Chief Executive Officer". 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 of the Code. 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.

(E) Appointment and re-election of directors

According to the Articles of Association (a) every director, including those appointed for a specific term, should be subjected to retirement by rotation at least once every three years; and (b) all directors appointed to fill casual vacancy should be subject to election by shareholders at the next following general meeting of the Company after their appointment.

(F) Non-executive directors and independent non-executive directors

During the year under review, the Company had one non-executive Director, Mr. Ji Jianghua and three independent non-executive Directors, they were Mr. Wan Tze Fan Terence, Mr. Chung Chin Keung and Mr. Sung Ren Keh. Except for Mr. Ji Jianghua, Mr. Chung Chin Keung and Mr. Sung Ren Keh who are appointed for a specific term of two years, Mr. Wan Tze Fan Terence is not appointed for any specific terms. However, he is subject to retirement by rotation at least once every three years in accordance with the Articles of Association. The Board has discussed and concluded that the current practice of appointing non-executive directors without specific terms but otherwise subject to retirement and re-election is fair and reasonable, and therefore will not change the terms of appointment of Mr. Wan Tze Fan Terence.

Mr. Wan Tze Fan Terence and Mr. Chung Chin Keung are independent non-executive Directors serving the Company for more than 9 years. Any future re-appointment of Mr. Wan Tze Fan Terence and Mr. Chung Chin Keung should follow the requirements of code provision B.2.3 of the Code. The Board considers that Mr. Wan Tze Fan Terence and Mr. Chung Chin Keung continue to be independent as they have satisfied all the criteria for independence set out in Rule 5.09 of the GEM Listing Rules.

(G) Responsibilities of directors

The Board will make sure every newly appointed director will receive the necessary information for his proper understanding of the operations and business of the Group and that he will be fully aware of his responsibilities under statute and common law, the GEM Listing Rules and other regulatory requirements and governance policies of the Company. The Directors will continually update themselves with legal and regulatory development, business and market changes and the development of the Company so as to facilitate the discharge of their responsibilities.

Corporate governance functions

The Board is responsible for performing the following corporate governance duties:

(1) To observe, and to charge employees with duty to observe, compliance with the GEM Listing Rules and applicable laws and regulations;

(2) To develop, review and monitor the Company's policies, procedures and practices on corporate governance and compliance with legal and regulatory requirements;

(3) To take and monitor the implementation of measures relating to:

(a) significant breach of compliance policies;

(b) significant compliance incidents; and

(c) disciplinary actions taken by authorities;

(4) To maintain sound communication with management and Company Secretary of the Company to ensure corporate governance and timely compliance;

(5) To pay attention to the Code and recommended best practices of the GEM Listing Rules and review disclosure in the corporate governance report of the Company from time to time; and

(6) To review, monitor and facilitate the training and continuous professional development of the Directors in relation to corporate governance.

During 2024, the Board discharged its duties by reviewing and monitoring the Company's compliance with the Code and other legal and regulatory requirements, reviewing and updating the policy for notifiable transactions, connected transactions and inside information and the code of conduct regarding securities transactions by Directors, reviewing, facilitating and monitoring the training and continuous professional development of the Directors and reviewing the disclosures in this Corporate Governance Report.

(H) Remuneration committee

The Board has established a remuneration committee with specific written terms of reference in compliance with the code provision E.1.2 of the Code. These terms of reference were already reviewed by all Directors before they were adopted. During the year under review, the remuneration committee comprised only of the independent non-executive Directors, namely Mr. Chung Chin Keung, Mr. Wan Tze Fan Terence and Mr. Sung Ren Keh. Mr. Chung Chin Keung is the chairman of the remuneration committee. The remuneration committee had held one meeting during 2024.

The role and function of the remuneration committee include determination of the specific remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration package. The remuneration committee also has to review and/or approve matters relating to share schemes under the GEM Listing Rules. During the year under review, the remuneration committee adopted the approach under the code provision E.1.2(c)(ii) of the Code to make recommendations to the Board on the remuneration packages of executive Directors and senior management.

(I) Nomination committee

The Company established the nomination committee on 22 March 2012 with written terms of reference in compliance with the code provision B.3.1 of the Code. The primary role and function of the nomination committee, among other things, are to (i) review the structure, size and composition of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) assess the independence of independent non-executive Directors; and (iii) make recommendations to the Board on the appointment and re-appointment of Directors. During the year under review, the nomination committee comprises three members, Mr. Chung Chin Keung, Mr. Wan Tze Fan Terence and Mr. Sung Ren Keh, all of them are independent non-executive Directors. Mr. Chung Chin Keung is the chairman of the nomination committee.

The nomination committee had held one meeting during the year under review. The nomination committee reviewed the structure, size and composition of the Board.

(J) Audit committee

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provisions D.3.3 and D.3.7 of the Code. The primary role and function of the audit committee, among other things, are to (i) review the financial controls, internal controls and risk management systems of the Group; (ii) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; (iii) review the financial statements and the interim and annual reports of the Group; and (iv) oversight of the Company's financial reporting system, risk management and internal control systems. During the year under review, the audit committee comprises three members, Mr. Wan Tze Fan Terence, Mr. Chung Chin Keung and Mr. Sung Ren Keh, all of them are independent non-executive Directors. Mr. Wan Tze Fan Terence is the chairman of the audit committee.

The audit committee had held four meetings during the year under review. The audit committee has reviewed and provided supervision over the financial reporting system and internal control procedures of the Group and reviewed the Company's annual report and financial statements and interim report and to provide advice and comments thereon to the Board that such reports were prepared in accordance with the applicable accounting standards and requirements. The audit committee also met with the external auditor to discuss auditing, internal control, statutory compliance and financial reporting matters before recommending the annual financial reports to the Board for approval.

The audit committee is satisfied with their review of the audit fee and audit process and has recommended the Board to re-appoint the existing auditor at the forthcoming annual general meeting.

The Group's 2024 annual report, 2024 interim report and announcements had been reviewed by the audit committee.

Directors' Attendance Record at Meetings

Details of the attendance of the Directors at the meetings of the Board and its respective committees during the year ended 31 December 2024 are as follows:

Name of Directors	Board Meeting Attended/ Eligible to attend	Audit Committee Attended/ Eligible to attend	Remuneration Committee Meeting Attended/ Eligible to attend	Nomination Committee Meeting Attended/ Eligible to attend	General Meeting Attended/ Eligible to attend
Number of meetings held during the financial year	6	4	1	1	1
Executive Directors					
Ms. Ma Zheng *(Chairman)*	6/6	N/A	N/A	N/A	1/1
Mr. Yuan Geng	6/6	N/A	N/A	N/A	0/1
Non-executive Director					
Mr. Ji Jianghua	0/6	N/A	N/A	N/A	0/1
Independent non-executive Directors					
Mr. Wan Tze Fan Terence *(Chairman of audit committee)*	4/6	4/4	1/1	1/1	0/1
Mr. Chung Chin Keung *(Chairman of remuneration committee and nomination committee)*	4/6	4/4	1/1	1/1	1/1
Mr. Sung Ren Keh	4/6	4/4	1/1	1/1	0/1

Directors' and Auditor's Responsibilities in respect of the Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Group for the year ended 31 December 2024.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the GEM Listing Rules and other regulatory requirements.

The management provides such explanations and information to the Board so as to enable the Board to make an informed assessment of the financial information and position of the Group put to the Board for approval.

The responsibilities of the external auditor of the Company for reporting responsibilities on the financial statements are set out in the independent auditor's report on pages 35 to 41.

(K) *Auditor's remuneration*

The audit committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions can lead to any potential material adverse effect on the Company. During the year under review, an amount of approximately HK$1,320,000 (2023: approximately HK$1,280,000) was charged to the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024 for audit services provided by the external auditor, audit services include annual audit financial statements and agreed upon procedures on preliminary announcement of result. No non-audit service was provided by the external auditor in 2024.

(L) *Risk management and internal control*

The Board is responsible for overseeing and reviewing the effectiveness of the risk management and internal control systems of the Group on an ongoing basis. The Company has already adopted a well-designed internal control system to safeguard the assets of the Company and the shareholders' investments and to ensure the reliability of financial reporting as well as compliance with the relevant requirement of the GEM Listing Rules. The Group has an internal audit team (the "IA Team") with direct reporting line to the Audit Committee, to carry out the internal audit function.

Risk management and internal control systems

The risk management and internal control systems of the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives of the Company and the Group. Therefore, it can only provide reasonable and not absolute assurance against all risk issues. A bottom-up approach was employed for identification, assessment and mitigation of risk at all business unit levels and across all functional areas.

Process used to identify, evaluate and manage significant risks

During the process of risk assessment, the Audit Committee is responsible for identifying the risk of the Group and deciding on the risk levels and the Board is responsible for assessing and determining the nature and extent of the risks that are acceptable to the Group when achieving its strategic objectives. After discussing and taking into consideration the risk response, the relevant departments and business units shall be assigned to implement the risk management solutions in accordance with their respective roles and responsibilities. The identified risk together with the risk response will be recorded and subject to the Board's oversight.

Main features of risk management and internal control systems

The key elements of the risk management and internal control systems of the Company include the establishment of a register to keep track of and document identified risks, the assessment and evaluation of risks, the development and continuous updating of responsive procedures, and the ongoing testing of internal control procedures to ensure their effectiveness.

An ongoing risk assessment approach is adopted by the Company for identifying and assessing the key inherent risks that affect the achievement of its objectives. The judgement of the risk is mainly determined in accordance with the likelihood of occurrence and consequence of occurrence of the risk.

Process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects

The IA Team performed review on the major operating units of the Group in the fourth quarter of 2024 in compliance with the requirements under Code Provision D.2 of the Code, according to the scope of review agreed and directed by the Audit Committee covering the Group's material controls in financial, operational and compliance aspects. The review identified certain internal control weaknesses and risks but none of them are significant. The IA Team reported to the Audit Committee and the Audit Committee is satisfied that although there were areas that need to be improved, there has been no major deficiency noted in the areas of the Company's risk management and internal control systems being reviewed after implementation of recommendations of the internal control defects reported by the IA Team. Accordingly, the Board considered the risk management and internal control systems to be effective and have been implemented with adequate resources.

Procedures and internal control for the handling and dissemination of inside information

The Board has established a policy to handle the dissemination of inside information. The policy stipulated the obligations of the Group, restriction on sharing non-public information, handling of rumours, unintentional selective disclosure, exemptions and waiver to the disclosure of inside information, external communication guidelines and compliance and reporting procedures. The Board and the management of the Company takes all reasonable measures from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Company. They must promptly bring any possible leakage or divulgence of inside information to the attention of the Financial Controller who will notify the Board as soon as reasonably practicable accordingly for taking the appropriate prompt action. In the event that there is evidence of any material violation of the policy, the Board will decide, or designate appropriate persons to decide the course of actions for rectifying the problem and avoiding the likelihood of its recurrence.

In addition, employees who, because of his/her office or employment, is likely to be in possession of inside information in relation to the Company, are required to strictly adhere to the policy of management of inside information and are required to comply with the securities transaction rules adopted by the Company which are on terms no less exacting than those required under the GEM Listing Rules.

Whistleblowing policy

The Board has adopted a whistleblowing policy (the "Whistleblowing Policy"). The Group aims to maintaining high standard of business ethics and corporate governance. The Company expects and encourages its employees and other parties who deal with the Company and its subsidiaries (e.g. customers, contractors and suppliers, etc. (collectively, the "Other Stakeholders") to report a serious concern about any suspected fraud, malpractice, misconduct or irregularity (the "Concern").

The Whistleblowing Policy aims to (i) set up reporting channels and guidance on whistleblowing to employees or Other Stakeholders to raise the Concern; and (ii) reveal suspected fraud, malpractice or misconduct before these activities cause disruption or loss to the Group.

Effectiveness of the system

In the view of the Board, the Group's system of risk management and internal control systems are effective and there is no material deficiency in the effectiveness of the Group's internal control system. The system is reviewed annually.

(M) *Company secretary*

Mr. Wong Chun Sing is the Company Secretary of the Company. As an employee of the Company, he is responsible to the Board for ensuring the board procedures are followed and that the Board is briefed on legislative, regulatory and corporate governance development. During the year under review, Mr. Wong confirmed that he undertook no less than 15 hours of relevant professional training. His biography is set out in the "Biographical Details of Directors and Senior Management" of this annual report.

(N) *Communication with shareholders*

Communication with shareholders is given a high priority. The Company aims to provide its shareholders with high standards of disclosure and financial transparency through the publication of annual and interim reports, announcements and circulars made through the websites of the Company and the Stock Exchange.

The Board also maintains an on-going dialogue with shareholders and make use of general meetings to communicate with shareholders. The Company encourages all shareholders to attend general meetings which provides a useful forum for shareholders to exchange views with the Board. The Chairman of the Board and members of relevant committees and senior management of the Company are available to answer shareholders' questions in all general meetings.

(O) *Investor relations*

The Company disclosed all necessary information to shareholders in compliance with the GEM Listing Rules. The Company will also reply to enquires from shareholders on request.

During the year under review, there was no change in the Articles of Association.

(P) *Shareholders' rights*

As one of the measures to safeguard shareholders' interest and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the websites of the Company and the Stock Exchange after the relevant shareholders' meeting.

Policy on shareholders' communication

The policy on shareholders' communication ("Policy") aims to promote effective communication with shareholders and enable them to exercise their rights as shareholders in an informed manner and to furnish the investment community with equal and timely access to information about the Company. The Company shall maintain an on-going dialogue with Shareholders and the investment community, and will regularly review this Policy to ensure its effectiveness.

(Q) *Right to convene extraordinary general meeting*

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the requisition (the "Requisitionists") (as the case may be) pursuant to Article 58 of the Articles of Association. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such Article for convening an extraordinary general meeting. Shareholders may put forward proposals at general meeting of the Company by sending the same to the Company's head office and principal place of business in Hong Kong.

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's head office and principal place of business in Hong Kong.

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TO THE SHAREHOLDERS OF CHINA PRIMARY ENERGY HOLDINGS LIMITED
(中國基礎能源控股有限公司)
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of China Primary Energy Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 42 to 118, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) Valuation of investment properties

The Group's investment properties amounted to HK$184,491,000 as at 31 December 2024 and a fair value loss of HK$8,827,000 was accounted for under "loss arising from changes in fair value of investment properties" in the consolidated statement of profit or loss and other comprehensive income.

The Group engaged the independent external property valuer to determine the fair value of investment properties held by the Group as at 31 December 2024.

We identified valuation of the Group's investment properties as at the end of reporting period as a key audit matter because of the significance of investment properties to the Group's consolidated financial statements. The fair value is determined by applying the income approach, using the investment method whereby the estimated market rental receivables during the term of the tenancies are capitalised at appropriate yield with due allowance for the revisionary income potential of the properties. The determination of the fair values involves significant judgement and estimation, including selecting the appropriate valuation methodology, capitalisation rates and market rents.

Refer to Notes 4(e), 5(c), and 17 to the consolidated financial statements.

How the matter was addressed in our audit

Our audit procedures to assess the valuation of investment properties included the following:

(i) assessing the competence, capability, and objectivity of the external property valuer engaged by the management;

(ii) evaluating the valuation methodology used by the external property valuer based on our knowledge of other property valuer for similar types of properties;

(iii) comparing on a sample basis the tenancy information included in the valuation models, which included committed rents and occupancy rates, with underling contracts and related documentation; and

(iv) discussing the valuations with the independent external property valuer and challenging key estimates adopted in the valuations, including those relating to market rents and capitalisation rates, by comparing them with historical rates and available market data, taking into consideration comparability and other local market factors, with the assistance of our internal valuation specialist.

(2) Impairment assessment of property, plant and equipment related to sale of heat and biomass gasification related products business (the "heat and biomass gasification business")

As at 31 December 2024, the directors performed impairment assessment on certain property, plant and equipment amounted to approximately HK$97,939,000 relating to the Group's cash-generating unit ("CGU") engaged in the heat and biomass gasification business in light of the persistently net loss of this business suffered by the Group.

The Group engaged an independent professional valuer to assist in the estimation of recoverable amount of this CGU, determined by assessing its value in use based on a discounted cash flow forecast. The preparation of a discounted cash flow forecast involves the exercise of significant management judgement, in particular in forecasting revenue growth and operating profit and in determining an appropriate discount rate. Based on such assessment, no impairment loss was recognised on property, plant and equipment for the year ended 31 December 2024.

Given the involvement of significant management judgement and estimation in this impairment assessment and the significance of the carrying value of the property, plant and equipment to the Group's consolidated financial statements, we considered this a key audit matter.

Refer to Notes 4(d), 4(f), 5(a) and 16 to the consolidated financial statements.

How the matter was addressed in our audit

Our audit procedures included the following:

(i) assessing the appropriateness of the valuation methodologies used in the assessment of the recoverable amount;

(ii) evaluating the assumptions adopted in the preparation of the discounted cash flow forecasts, including projected future growth rates for income and expenses and discount rate; and

(iii) involving our internal valuation specialist to assist us in evaluating the methodology and significant assumptions including discount rates adopted by management in its impairment assessment.

(3) Impairment of Goodwill

As at 31 December 2024, the carrying amount of goodwill amounted to approximately HK$14,800,000, which for impairment testing purposes was allocated to two CGUs engaged in the Group's business of sale and distribution of natural gas.

We focused on this area as the balance was material to the Group's consolidated financial statements. In addition, the directors determined the recoverable amounts of these CGUs by estimating their respective value-in-use calculations which involves management judgements and estimates about the future results of the business, key assumptions including sales growth rate and gross profit margin, long-term growth rate and the discount rate applied to each future cash flow projection.

Refer to Notes 4(b), 5(b) and 19 to the consolidated financial statements.

How the matter was addressed in our audit

Our audit team included a valuation expert. Our audit procedures included the following:

(i) assessing the appropriateness of valuation methodologies used by management's valuation expert;

(ii) checking the reasonableness of input data used in the Group's future cash flow projection of each CGU to supporting evidence, such as sales contracts and orders, and considering the reasonableness of these budgets;

(iii) assessing the reasonableness of management's key assumptions used including sales growth rate and gross profit margin by comparing the current year's actual results with the 2023 figures included in the prior year's forecast, by reference to future plans and by performing independent market analysis;

(iv) checking the appropriateness of the long term growth rate and discount rate applied to each future cash flow projection; and

(v) considering the potential impact of a reasonably possible changes in management's key assumptions and input data.

Other Information in the Annual Report

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants

Fong Wai Yee Wendy
Practising Certificate Number: P06821

Hong Kong, 24 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	6	**160,754**	183,442
Other income and gains and losses	8	**4,376**	1,724
Changes in inventories of finished goods		**(104,625)**	(128,881)
Staff costs, including directors' remuneration	14	**(22,075)**	(21,038)
Depreciation	10	**(19,547)**	(18,150)
Amortisation of other intangible assets	20	**(189)**	(378)
Loss arising from changes in fair value of investment properties	17	**(8,827)**	(3,459)
(Impairment loss)/reversal of impairment loss on trade receivables, net	23(b)	**(101)**	1,100
Reversal of impairment loss on other receivables and prepayments	24(b)	**108**	130
Other operating expenses	10	**(25,012)**	(22,956)
Finance costs	9	**(11,965)**	(8,617)
Loss before income tax	10	**(27,103)**	(17,083)
Income tax credit/(expense)	11	**1,590**	(2,542)
Loss for the year		**(25,513)**	(19,625)
Attributable to:			
Owners of the Company		**(26,473)**	(17,500)
Non-controlling interests		**960**	(2,125)
Loss for the year		**(25,513)**	(19,625)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2024

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

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	16	**437,428**	419,105
Investment properties	17	**184,491**	199,610
Goodwill	19	**14,800**	15,302
Other intangible assets	20	**–**	168
Prepayment for property, plant and equipment		**2,843**	3,959
Equity instruments measured at fair value through other comprehensive income ("FVTOCI")	21	**15,317**	8,946
Total non-current assets		**654,879**	647,090
Current assets			
Inventories	22	**6,299**	8,060
Trade and bills receivables	23	**22,669**	18,974
Other receivables, deposits and prepayments	24	**23,350**	50,491
Investments held for trading	25	**49**	27
Cash and cash equivalents	26	**49,060**	30,644
Total current assets		**101,427**	108,196
Total assets		**756,306**	755,286
Current liabilities			
Trade payables	27	**11,129**	12,570
Contract liabilities, other payables and accruals	28	**72,377**	34,005
Loans from a major shareholder	29	**943**	943
Lease liabilities	34	**1,744**	1,709
Bank borrowings	30	**78,441**	67,642
Tax payable		**8,126**	8,682
Total current liabilities		**172,760**	125,551
Net current liabilities		**(71,333)**	(17,355)

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Contract liabilities, other payables and accruals	28	–	25,056
Loans from a major shareholder	29	**46,100**	41,819
Deferred tax liabilities	31	**21,308**	24,268
Lease liabilities	34	**2,555**	2,955
Bank borrowings	30	**252,221**	235,023
Total non-current liabilities		**322,184**	329,121
Total liabilities		**494,944**	454,672
NET ASSETS		**261,362**	300,614
Equity			
Share capital	32	**63,999**	63,999
Reserves		**154,605**	190,573
Equity attributable to owners of the Company		**218,604**	254,572
Non-controlling interests		**42,758**	46,042
TOTAL EQUITY		**261,362**	300,614

These financial statements were approved and authorised for issue by the board of directors on 24 March 2025.

Ma Zheng
Director

Yuan Geng
Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2024

	Equity attributable to owners of the Company									
	Share capital HK$'000 (Note 32)	Share premium account HK$'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 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 (Note 18(iv))	–	–	–	–	–	–	–	–	(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$'000 (Note 32)	**Share premium account HK$'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	**63,999**	**727,375**	**6,628**	**785**	**34,512**	**695**	**(615,390)**	**218,604**	**42,758**	**261,362**

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. This reserve is dealt with in accordance with the accounting policy in Note 4(j).

(d) Property revaluation reserve arose from a change in use from owner-occupied properties to investment properties carried at fair value.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Loss before income tax		**(27,103)**	(17,083)
Adjustments for:			
Depreciation	16	**19,547**	18,150
Amortisation of other intangible assets	20	**189**	378
Bank interest income	8	**(255)**	(699)
Finance costs	9	**11,965**	8,617
Fair value loss on investments held for trading	8	**(22)**	16
Gain on disposal of property, plant and equipment	8	**(9)**	–
Write off of property, plant and equipment	8	**–**	91
Loss arising from changes in fair value of investment properties	17	**8,827**	3,459
Impairment loss on property, plant and equipment	16	**623**	–
Gain on deregistration of a subsidiary	8	**1,638**	–
Impairment loss/(reversal of impairment loss) on trade receivables, net	23(b)	**101**	(1,100)
Reversal of impairment loss on other receivables and prepayments	24(b)	**(108)**	(130)
Write back of other payables	8	**(1,379)**	–
Operating profit before working capital changes		**14,014**	11,699
Decrease/(increase) in inventories		**1,736**	(140)
Increase in trade and bills receivables		**(3,743)**	(32)
Decrease in other receivables, deposits and prepayments		**26,856**	4,520
(Decrease)/increase in trade payables		**(1,421)**	368
Increase/(decrease) in contract liabilities, other payables and accruals		**8,933**	(21,152)
Cash generated from/(used in) operations		**46,375**	(4,737)
Income tax paid		**(1,173)**	(1,858)
Bank interest income received		**255**	699
Net cash generated from/(used in) operating activities		**45,457**	(5,896)

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from investing activities			
Purchases of property, plant and equipment		**(41,351)**	(116,738)
Subsequent expenditure on investment properties	17	**(81)**	(177)
Additional investment in equity instruments measured at FVTOCI		**(6,217)**	(700)
Release of in pledged bank deposit		**–**	56,536
Proceeds from disposal of property, plant and equipment		**88**	–
Net cash used in investing activities		**(47,561)**	(61,079)
Cash flows from financing activities	37(b)		
Dividend paid to non-controlling interests		**(2,766)**	–
Proceeds from bank borrowings		**142,411**	352,931
Repayment of bank borrowings		**(103,761)**	(306,423)
Loans from a non-controlling shareholder of a subsidiary		**9,080**	25,158
Repayment of loans to a non-controlling shareholder of a subsidiary		**(12,161)**	–
Repayment of principal portion of lease liabilities		**(2,170)**	(1,868)
Loans from a major shareholder		**205**	2,528
Repayment of loans to a major shareholder		**(800)**	(382)
Interest paid		**(7,278)**	(7,446)
Net cash generated to financing activities		**22,760**	64,498
Net increase/(decrease) in cash and cash equivalents		**20,656**	(2,477)
Cash and cash equivalents at beginning of year		**30,644**	33,159
Effect of foreign exchange rate changes		**(2,240)**	(38)
Cash and cash equivalents at end of year		**49,060**	30,644
Analysis of the balances of cash and cash equivalents			
Cash at banks and in hand		**49,060**	30,644

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 activities of the principal subsidiaries are set out in Note 18. 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.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (Continued)

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

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.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (Continued)

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

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 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 that have been issued, but are not yet effective 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[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (Continued)

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

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.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (Continued)

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

Amendments to HKFRS 10 and HKAS28 – 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. As set out in Note 30(b), 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 as detailed in Note 28(b). These contract liabilities are recognised as revenue when related performance obligations are satisfied and would not result in any future cash outflows.

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 also the functional currency of the Company.

4. ACCOUNTING POLICIES

(a) Basis of consolidation

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

(b) Goodwill

Goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the business combination. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount, and whenever there is an indication that the unit may be impaired.

When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(c) Other intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on unit-of-production method or straight-line basis over their estimated useful lives as follows:

Customer relationships	10 years

The amortisation expense is recognised in profit or loss. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses.

4. ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted if appropriate, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

Land and buildings	Over the lease terms or 3%
Leasehold improvements	Over the remaining term of the lease but not exceeding 4 years
Computer equipment	20% – 33%
Plant and machinery	2% – 10%
Furniture, fixtures and office equipment	20% – 33%
Motor vehicles	10% – 20%

Right-of-use assets are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of relevant lease.

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

(e) Investment properties

Investment properties are measured at cost on initial recognition and subsequently at fair value reflecting market conditions at the end of the reporting period.

4. ACCOUNTING POLICIES (Continued)

(f) Impairment of non-financial assets (other than goodwill)

At the end of each reporting period, the Group or the Company reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment (including right-of-use assets);

– interests in subsidiaries; and

– other intangible assets

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where a previously recognised impairment loss subsequently reverses, only if there has been a change in estimates used to determine the recoverable amount of that asset, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. ACCOUNTING POLICIES (Continued)

(g) Financial Instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income ("FVTOCI") are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as fair value through profit or loss, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

4. ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECLs") on trade receivables, financial assets measured at amortised cost and debt investments measured at FVTOCI. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due unless the Group has reasonable and supportable information that a more lagging default criteria is more appropriate.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due or unless the Group has reasonable and supportable information that a more lagging default criteria is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

4. ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

(iv) Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables and borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4. ACCOUNTING POLICIES (Continued)

(h) Leasing

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, except for short-term leases with a duration of 12 months or less and leases of low-value assets. The Group recognises lease liabilities to make lease payments which have been expensed on straight-line basis over the lease term.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use).

The right-of-use assets should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling, removing or restoring the leased asset. Except for right-of-use assets that meets the definition of an investment property, the Group measures the right-of-use assets applying a cost model.

The Group accounts for land and buildings that are held for rental or capital appreciation purpose under HKAS 40 and are carried at fair value. The Group accounts for land and buildings which is held for own use under HKAS 16 and are carried at cost less accumulated depreciation and any accumulated impairment loss.

4. ACCOUNTING POLICIES (Continued)

(h) Leasing (Continued)

Lease liabilities

The lease liabilities are recognised at the commencement date of the lease at the present value of the lease payments to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

Accounting as a lessor

The Group has leased out its investment properties to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

4. ACCOUNTING POLICIES (Continued)

(i) Income taxes

Income taxes for the year comprise current tax and deferred tax.

(i) Current tax

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. In respect of deferred tax liabilities arising from investment properties measured at fair value, the presumption that recovery will be through sale has been rebutted.

(j) Foreign currencies

Foreign currency transactions entered into by group entities are translated into their functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency monetary items and from the translation of foreign currency monetary assets and liabilities at the rates ruling at the end of reporting period are recognised in profit or loss.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the retranslation of monetary items in respect of which gains or losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, all assets and liabilities of foreign operations, including goodwill arising on the acquisition of those operations, are translated into HK$ at the applicable rates of exchange ruling at the end of reporting period. Income and expenses items of foreign operations are translated at an average rate for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. The resulting translation differences are recognised in other comprehensive income and accumulated in the exchange translation reserve. Exchange differences recognised in profit or loss of group entities' individual financial statements on translation of long-term monetary items forming part of the Group's net investment in foreign operations are reclassified to other comprehensive income and accumulated in the exchange translation reserve on consolidation.

4. ACCOUNTING POLICIES (Continued)

(k) Employees' benefits

(i) Short term benefits

Salaries, annual bonuses, paid annual leaves and the cost of non-monetary benefits (other than termination benefits) are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present value.

(ii) Pension obligations

Contributions to the Mandatory Provident Fund scheme (the "MPF Scheme") as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme.

The employees of the Group's entities which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentages of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets which require a substantial period of time to be ready for their intended use, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. ACCOUNTING POLICIES (Continued)

(m) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Sale and distribution of natural gas

Revenue from the sale of natural gas is recognised at a point in time when the control of the natural gas is transferred to the customer, that is upon delivery at the location specified in the contract. Revenue is recognised at the contractually stated price based on the quantity of natural gas delivered in accordance with meter readings. The Group recognises revenue on a gross basis as the Group control the natural gas before transferring it to a customer. Invoices for selling and distribution natural gas to corporate customers are issued on a monthly basis, partial prepayment is required and the outstanding balance is due by 5 working days after billing date. Sales to individual customers are on cash-on-delivery basis.

Sale of heat and biomass gasification related products

Revenue from the sale of heat is recognised at a point in time when the control of the heat is transferred to the customer, upon delivery at the location specified in the contract. Revenue is recognised at the contractually stated price based on the quantity of heat delivered in accordance with meter readings. The Group recognises revenue on a gross basis as the Group control the heat before transferring it to a customer. Invoices for selling and distribution of heat is issued on a monthly basis, full prepayment is required and no credit period is granted.

Customers obtain control of biomass gasification related products when the goods are delivered to and have been accepted. Revenue is recognised at a point in time upon when the customers accepted the goods, without any right of return, rebate granted or variable consideration. There is generally one performance obligation. Invoices for sale of biomass gasification related products are issued on a monthly basis and are due by 3 working days after billing date.

Natural gas transmission services

Revenue from natural gas transmission services is recognised over time based upon volume delivered as customers simultaneously obtain and consume the benefits of the Group's services as the Group performs. Invoices are issued on monthly basis, the partial prepayment is required for specific customer and no credit period is granted.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions, which are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the critical judgement made by the Group are discussed below:

(a) Carrying value of non-current assets and impairment of assets

Non-current assets, including property, plant and equipment, right-of-use assets and other intangible assets, are carried at cost less accumulated depreciation and amortisation, where appropriate, and impairment losses. These carrying amounts are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In estimating the recoverable amounts of assets, various assumptions, including future cash flows to be associated with the non-current assets and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position.

(b) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of fair value less costs of disposal of the cash-generating units to which goodwill has been allocated. The determination of fair value less costs of disposal requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(c) Fair value measurement

The fair value measurement of certain of the Group's financial and non-financial assets utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures the below items at fair value:

– Investment properties (Note 17);

– Equity instruments measured at FVTOCI (Note 21); and

– Investments held for trading (Note 25).

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes as indicated.

(d) Deferred tax liabilities

For the purposes of measuring deferred taxes arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group has recognised the deferred taxes on changes in fair value of all investment properties at enterprise income tax rate.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(e) Going concern consideration

The assessment of the going concern assumption involves making a judgement by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group and the Company have the capabilities to continue as a going concern and the major events and conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumptions and related mitigating measures taken by management are set out in Note 3(b).

6. REVENUE

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

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

7. 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 a 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.

7. SEGMENT REPORTING (Continued)

(a) Reportable segments

For the year ended 31 December 2024

	Sale and distribution of natural gas HK$'000	Sale of heat and biomass gasification related products HK$'000	Natural gas transmission services HK$'000	Property investment HK$'000	Total HK$'000
Revenue from external customers	106,968	23,418	14,519	15,849	160,754
Reportable segment (loss)/profit	(3,812)	(4,892)	7,341	(4,132)	(5,495)
Reportable segment assets	99,954	100,054	261,173	214,116	675,297
Reportable segment liabilities	(61,322)	(25,593)	(223,200)	(32,364)	(342,479)
Other segment information:					
Bank interest income	35	2	90	5	132
Unallocated: corporate and others					123
Total bank interest income					255
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					(744)
Total depreciation					(19,547)

7. SEGMENT REPORTING (Continued)

(a) Reportable segments (Continued)

For the year ended 31 December 2024 (Continued)

	Sale and distribution of natural gas HK$'000	Sale of heat and biomass gasification related products HK$'000	Natural gas transmission services HK$'000	Property investment HK$'000	Total HK$'000
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					7,577
Total additions to non-current assets					59,522

7. SEGMENT REPORTING (Continued)

(a) Reportable segments (Continued)

For the year ended 31 December 2023

	Sale and distribution of natural gas HK$'000	Sale of heat and biomass gasification related products HK$'000	Natural gas transmission services HK$'000	Property investment HK$'000	Total HK$'000
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)

7. SEGMENT REPORTING (Continued)

(a) Reportable segments (Continued)

For the year ended 31 December 2023 (Continued)

	Sale and distribution of natural gas HK$'000	Sale of heat and biomass gasification related products HK$'000	Natural gas transmission services HK$'000	Property investment HK$'000	Total HK$'000
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					700
Total additions to non-current assets					131,724

7. SEGMENT REPORTING (Continued)

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

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

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

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

7. SEGMENT REPORTING (Continued)

(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 HK$'000	Sale of heat and biomass gasification related products HK$'000	Natural gas transmission services HK$'000	Property investment HK$'000	Total HK$'000
Primary geographical markets					
PRC	**106,968**	**23,418**	**14,519**	**15,849**	**160,754**
Major products/services					
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

	Sale and distribution of natural gas HK$'000	Sale of heat and biomass gasification related products HK$'000	Natural gas transmission services HK$'000	Property investment HK$'000	Total HK$'000
Primary geographical markets					
PRC	142,773	23,890	–	16,779	183,442
Major products/services					
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

7. SEGMENT REPORTING (Continued)

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

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.

8. OTHER INCOME AND GAINS AND LOSSES

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

9. 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
	18,219	17,162
Less: Amount capitalised (Note)	**(6,254)**	(8,545)
	11,965	8,617

Note: Borrowing costs of approximately HK$5,042,000 (2023: HK$5,056,000) 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$1,212,000 (2023: HK$3,489,000) arose from the general borrowing pool have also been capitalised for the year and are calculated by applying a capitalisation rate of 4% (2023: 5%).

10. 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
	19,547	18,150
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

11. INCOME TAX

	2024 HK$'000	2023 HK$'000
Current tax – PRC		
– tax for the year	**617**	3,407
Deferred tax liabilities (Note 31)		
– 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%.

Income tax for the year can be reconciled to accounting loss, at applicable tax rates:

	2024 HK$'000	2023 HK$'000
Loss before income tax	**(27,103)**	(17,083)
Income tax credit calculated at the statutory PRC EIT tax rate of 25% (2023: 25%)	**(6,775)**	(4,271)
Effect of different tax rates of subsidiaries	**1,247**	1,471
Tax effect of expenses not deductible for taxation purposes	**4,802**	4,634
Tax effect of non-taxable income	**(1,738)**	(433)
Tax effect of unused tax losses and other temporary differences not recognised	**1,489**	1,141
Utilisation of previously unrecognised tax losses	**(615)**	–
Income tax (credit)/expense for the year	**(1,590)**	2,542

12. DIVIDEND

The board of directors does not recommend the payment of any dividend for the year ended 31 December 2024 (2023: Nil).

13. 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	2023
	HK$'000	HK$'000
Loss:		
Loss for the year attributable to owners of the Company	**(26,473)**	(17,500)

	Number of shares	
	2024	2023
	'000	'000
Weighted average number of ordinary shares in issue	**1,023,987**	1,023,987

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

14. STAFF COSTS, INCLUDING DIRECTORS' REMUNERATION

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

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.

15. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Executive directors and non-executive directors

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
2024					
Executive directors:					
Ms. Ma Zheng	–	1,683	–	18	1,701
Mr. Yuan Geng	–	885	–	18	903
	–	2,568	–	36	2,604
Non-executive director:					
Mr. Ji Jianghua	180	–	–	–	180
Independent non-executive directors:					
Mr. Wan Tze Fan Terence	180	–	–	–	180
Mr. Chung Chin Keung	180	–	–	–	180
Mr. Sung Ren Keh (Note (iii))	180	–	–	–	180
	540	–	–	–	540
	720	2,568	–	36	3,324

15. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Executive directors and non-executive directors (Continued)

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
2023					
Executive directors:					
Ms. Ma Zheng	–	1,660	–	18	1,678
Mr. Yuan Geng	–	878	–	18	896
	–	2,538	–	36	2,574
Non-executive director:					
Mr. Ji Jianghua	180	–	–	–	180
Independent non-executive directors:					
Mr. Wan Tze Fan Terence	180	–	–	–	180
Mr. Chung Chin Keung	180	–	–	–	180
Mr. Sung Ren Keh (Note (iii))	152	–	–	–	152
Mr. Wang Xiao Bing (Note (iv))	28	–	–	–	28
	540	–	–	–	540
	720	2,538	–	36	3,294

Notes:

(i) During the current and prior years, no emolument was paid by the Group to any directors as an inducement to join, or upon joining the Group, or as compensation for loss of office. There were no arrangements under which a director waived or agreed to waive any remuneration during the current and prior years.

(ii) Salaries, allowances and other benefits paid to or for the executive directors are generally emoluments in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

(iii) Mr. Sung Ren Keh was appointed as independent non-executive director of the Company with effect from 1 March 2023.

(iv) Mr. Wang Xiao Bing resigned as independent non-executive director with effect from 1 March 2023.

15. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five highest paid individuals

The five highest paid individuals during the year included two (2023: two) directors, details of whose remuneration are set out in Note 15(a) above. Details of the remuneration of the remaining three (2023: three) non-director, highest paid individuals for the year are as follows:

	2024	2023
	HK$'000	HK$'000
Basic salaries, share options and other benefits	**1,709**	1,714
Discretionary bonuses	**107**	123
Retirement benefit scheme contributions	**54**	54
	1,870	1,891

Their emoluments fell within the following bands:

	Number of individuals	
	2024	2023
HK$Nil – HK$500,000	**2**	2
HK$500,001 – HK$1,000,000	**1**	1
	3	3

The emoluments paid or payable to members of senior management other than directors were within the following bands:

	Number of individuals	
	2024	2023
HK$500,001 – HK$1,000,000	**1**	1

16. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HKD'000	Land use rights HKD'000	Leasehold improvements HKD'000	Computer equipment HKD'000	Plant and machinery HKD'000	Furniture, fixtures and office equipment HKD'000	Motor vehicles HKD'000	Construction in progress HKD'000	Total HKD'000
Cost									
At 1 January 2023	136,468	30,208	338	3,701	112,683	1,336	16,414	139,890	441,038
Additions	782	–	–	68	39	343	–	129,615	130,847
Write off	–	–	–	(50)	(385)	(221)	–	–	(656)
Reclassification	31,928	–	–	–	194	–	–	(32,122)	–
Exchange realignment	(4,935)	(813)	(7)	(103)	(1,866)	(43)	(410)	(3,904)	(12,081)
As 31 December 2023 and 1 January 2024	164,243	29,395	331	3,616	110,665	1,415	16,004	233,479	559,148
Additions	2,389	–	–	240	8	123	2,463	48,001	53,224
Disposals	–	–	–	(14)	–	–	(3,687)	–	(3,701)
Write off	(3,580)	–	–	–	–	–	–	–	(3,580)
Reclassification	22,178	–	–	109	173,794	179	–	(196,260)	–
Exchange realignment	(5,760)	(963)	(7)	(127)	(7,042)	(60)	(462)	(4,729)	(19,150)
As 31 December 2024	179,470	28,432	324	3,824	277,425	1,657	14,318	80,491	585,941
Accumulated depreciation and impairment									
At 1 January 2023	53,536	7,311	102	2,194	50,528	788	10,887	–	125,346
Depreciation	7,263	702	41	484	8,186	211	1,263	–	18,150
Write off	–	–	–	(25)	(312)	(228)	–	–	(565)
Exchange realignment	(1,508)	(200)	(1)	(56)	(821)	(24)	(278)	–	(2,888)
As 31 December 2023 and 1 January 2024	59,291	7,813	142	2,597	57,581	747	11,872	–	140,043
Depreciation	7,896	690	28	538	8,667	252	1,476	–	19,547
Disposal	–	–	–	(14)	–	–	(3,608)	–	(3,622)
Write off	(3,580)	–	–	–	–	–	–	–	(3,580)
Impairment loss	623	–	–	–	–	–	–	–	623
Exchange realignment	(2,086)	(269)	(2)	(90)	(1,696)	(32)	(323)	–	(4,498)
As 31 December 2024	62,144	8,234	168	3,031	64,552	967	9,417	–	148,513
Net carrying amount									
As 31 December 2024	117,326	20,198	156	793	212,873	690	4,901	80,491	437,428
As 31 December 2023	104,952	21,582	189	1,019	53,084	668	4,132	233,479	419,105

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Note:

(i) Right-of-use assets are included in items of property, plant and equipment as summarised below:

	Land and buildings HK$'000	Land use rights HK$'000	Plant and machinery HK$'000	Total HK$'000
At 1 January 2023	6,079	22,897	22,428	51,404
Additions	733	–	–	733
Depreciation	(1,913)	(702)	(1,027)	(3,642)
Exchange realignment	(141)	(613)	(601)	(1,355)
At 31 December 2023 and 1 January 2024	**4,758**	**21,582**	**20,800**	**47,140**
Additions	**1,928**	**–**	**–**	**1,928**
Depreciation	**(1,975)**	**(690)**	**(1,009)**	**(3,674)**
Exchange realignment	**(128)**	**(694)**	**(662)**	**(1,484)**
At 31 December 2024	**4,583**	**20,198**	**19,129**	**43,910**

The Group leases various items of plant and machinery used in its operations with lease terms of 3 years. The leases do not have option to renew or any contingent rental provisions. Leases of these right-of-use assets are secured by corporate guarantee of a subsidiary of the Company, personal guarantee by a major shareholder of the Company, Ms. Ma Zheng, and director of the Company, Mr Yuan Geng.

(ii) As at 31 December 2024, certain of the Group's land and buildings of approximately HK$62,356,000 (2023: HK$68,033,000) were pledged to secure bank borrowings granted to the Group (Note 30).

(iii) During the year ended 31 December 2024, due to the continuously decline in the property market prices in the PRC, the Group recognised an impairment loss of HK$623,000 to write down the carrying amount of certain properties of HK$11,753,000 to its recoverable amount of HK$11,142,000. The Group determined the recoverable amount of these assets based on its fair value less costs of disposal estimated by using the direct comparison approach which based on significant inputs of the Group's properties in the PRC, including price per square compared to the recent sales on the comparable transactions. The valuation was carried out by an independent valuer. The fair value less costs of disposal of properties is classified as a Level 2 measurement.

17. INVESTMENT PROPERTIES

The Group's investment properties are industrial properties in the PRC. The fair value of the Group's investment properties at the end of the reporting period was determined based on market valuation performed by Fairdex Valuation Advisory Limited ("Fairdex"), an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued.

The investment properties are leased to third parties under operating leases, further details of which are included in Note 35.

The fair value of investment properties is a Level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below:

	2024	2023
	HK$'000	HK$'000
Opening balance	**199,610**	208,492
Additions		
– subsequent expenditure	**81**	177
Loss from remeasurement to fair value	**(8,827)**	(3,459)
Exchange realignment	**(6,373)**	(5,600)
Closing balance	**184,491**	199,610

The fair value is determined by applying the income approach, using the investment method whereby the estimated market rental receivables during the term of the tenancies are capitalised at appropriate yield with due allowance for the revisionary income potential of the properties.

Significant unobservable inputs

	2024	2023
Term yield	**6.3%**	5.5%
Reversionary yield	**6.8%**	6.5%
Market rental	**RMB12.0 to 13.2 per square meter**	RMB12.0 to 13.2 per square meter

The higher the term yield and reversionary yield, the lower the fair value. There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

17. INVESTMENT PROPERTIES (Continued)

Since significant judgement is required when evaluating the inputs used in the fair value estimate, reasonably possible changes at the reporting date to any of the relevant assumptions would have affected the fair value of the investment property as presented below:

	2024	2023
	HK$'000	HK$'000
Term yield decreased by 1% (2023: 1%)	**830**	1,270
Reversionary yield decreased by 1% (2023: 1%)	**19,422**	19,220
Market value decreased by 5% (2023: 5%)	**(6,832)**	(6,700)

During the years ended 31 December 2024 and 2023, there were no transfers in to or out of Level 3 or any other Level. The Group's policy is to recognise transfers between Levels of the fair value hierarchy as at the end of the reporting period in which they occur.

As at 31 December 2024, certain of the Group's investment properties with aggregate carrying value of HK$175,967,000 (2023: HK$190,379,000) were pledged to secure the bank loans granted to the Group as set out in Note 30.

18. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2024 and 2023 were as follows:

Name of company	Place of incorporation/ establishment and operation	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by subsidiary	
e-gameasia.com Ltd	British Virgin Islands ("BVI")	10,279,450 ordinary shares of HK$1 each	100%	100%	–	Investment holding
Billybala Software (BVI) Limited	BVI	1 ordinary share of US$0.01 each	100%	100%	–	Investment holding
China Primary Energy Holdings Limited	BVI	20,000,000 ordinary shares of US$1 each	100%	100%	–	Investment holding
Billybala iGame Limited	Hong Kong	7 ordinary shares of HK$1 each	100%	–	100%	Provision of administrative services to group companies
China Primary Sky Valley (Yichang) Composites Co. Ltd. (Note (iii))	PRC	RMB66,596,816	100%	–	100%	Property investment
China Primary Energy (Shenzhen) Limited (Note (iii))	PRC	HK$250,000,000	100%	–	100%	Investment holding
China Primary (Shenzhen) Energy Technology Co. Ltd. (Note (iii))	PRC	HK$20,696,000	100%	–	100%	Provision of administrative services to group companies
Fujian China Primary Energy Limited (Note (iii))	PRC	RMB20,000,000	70%	–	70%	Sale and distribution of natural gas
Tengchong China Primary Energy Limited (Note (iii), (v))	PRC	RMB20,000,000	N/A (2023: 100%)	–	N/A (2023: 100%)	Sale and distribution of natural gas
Yichang China Primary Natural Gas Utilisation Company Limited (Note (iii))	PRC	RMB60,870,000 (2023: RMB60,170,000)	51%	–	51%	Natural gas transmission services

18. PARTICULARS OF SUBSIDIARIES (Continued)

Name of company	Place of incorporation/ establishment and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activity
Three Gorges Changgang New Energy (Yichang) Company Limited (Note (iii))	PRC	RMB3,616,000	100%	–	100%	Development and use of new energy technology
China Primary (Yichang) Plastic Pipes Company Limited (Note (iii))	PRC	HK$127,987,514	100%	–	100%	Property investment
China Primary (Yichang) New Energy Company Limited (Note (iii))	PRC	RMB7,254,559	100%	–	100%	Property investment
China Primary (Yichang) New Materials Company Limited (Note (iii))	PRC	RMB10,485,600	100%	–	100%	Property investment
Anqing China Primary Energy Company Limited (Note (iii))	PRC	RMB40,000,000	85%	–	85%	Sale of heat and biomass gasification related products
Huaining China Primary Energy Limited (Note (iii))	PRC	RMB40,000,000	85%	–	100%	Sale of heat and biomass gasification related products
Wuhu Shi Da New Energy Technology Company Limited (Note (iii), (iv))	PRC	RMB41,000,000	93.9%	–	93.9%	Sale and distribution of natural gas
Nanping China Primary Natural Gas Logistics Company Limited (Note (iii))	PRC	RMB10,000,000	70%	–	100%	Sale and distribution of natural gas

Notes:

(i) The business structure of each of these subsidiaries is limited liability company.

(ii) None of the subsidiaries had issued any debt securities at the end of the year.

(iii) The English name of the subsidiary represents the best effort by the Company's management to translate from its Chinese name as this subsidiary has no official English name.

(iv) During the year ended 31 December 2023, the Group made additional capital contribution of RMB11,000,000 into this subsidiary and the Group's equity interest was then increased from 91.67% to 93.9%.

(v) The deregistration of Tengchong China Primary Energy Limited was completed on 29 September 2024.

In the opinion of the directors, the above subsidiaries principally affected the results of the Group for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

19. GOODWILL

	2024 HK$'000	2023 HK$'000
At 1 January	**15,302**	15,725
Exchange realignment	**(502)**	(423)
At 31 December	**14,800**	15,302

As at 31 December 2024, the Group recognised goodwill in total of HK$14,800,000 (2023: HK$15,302,000) arising from the acquisition of two businesses engaged in sale and distribution of natural gas in the PRC.

Impairment testing on goodwill

For goodwill impairment testing purposes, the goodwill carrying amounts were allocated to the CGUs represented by two businesses acquired as below:

	2024			2023		
	CGU 1 – Fujian CP Energy HK$'000	CGU 2 – Wuhu Shi Da HK$'000	Total HK$'000	CGU 1 – Fujian CP Energy HK$'000	CGU 2 – Wuhu Shi Da HK$'000	Total HK$'000
At 1 January	**13,156**	**2,146**	**15,302**	13,520	2,205	15,725
Exchange realignment	**(432)**	**(70)**	**(502)**	(364)	(59)	(423)
	12,724	**2,076**	**14,800**	13,156	2,146	15,302

The directors of the Company determined the recoverable amounts of the CGUs from their value in use based on the business valuations performed by an independent firm of professional valuer, Fairdex, using the income approach. The income approach was adopted to arrive at fair value of the CGUs, based on cash flow projections by applying the following key assumptions.

	2024		2023	
	CGU 1	CGU 2	CGU 1	CGU 2
Long-term growth rate beyond five year	**2%**	**2%**	2%	2%
Pre-tax discount rate	**15.68%**	**19.61%**	17.36%	22.73%
Gross margin	**23%**	**10%**	29%	13%

The key assumptions were determined based on past performance and management's expectations of market development. The discount rates used reflect specific risks relating to the two businesses.

For the years ended 31 December 2024 and 2023

The directors of the Company concluded that both CGU 1 and CGU 2 demonstrated sufficient cash flows to justify the carrying value of the goodwill, and management is not currently aware of any other possible changes that would necessitate changes in the key assumptions. Since the recoverable amounts of both CGU 1 and CGU 2 were exceeded the respective carrying amount of those CGUs, and therefore no impairment of goodwill was necessary for the years ended 31 December 2024 and 2023.

20. OTHER INTANGIBLE ASSETS

	Customer relationships HK$'000
Cost	
At 1 January 2023	3,515
Exchange realignment	(54)
At 31 December 2023 and 1 January 2024	3,461
Exchange realignment	(219)
At 31 December 2024	3,242
Amortisation	
At 1 January 2023	2,998
Amortisation	378
Exchange realignment	(83)
At 31 December 2023 and 1 January 2024	3,293
Amortisation	189
Exchange realignment	(240)
At 31 December 2024	3,242
Net carrying amount	
At 31 December 2024	–
At 31 December 2023	168

Customer relationships was recognised by the Group upon the acquisition of Fujian CP Energy in 2014 and is amortised on a straight-line method over the period of 10 years.

The Group's goodwill (Note 19) and customer relationships listed above which arose from the business acquisition of Fujian CP Energy in 2014 are allocated to the CGU 1 in relation to the Group's natural gas business for impairment testing as detailed in Note 19.

21. EQUITY INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 HK$'000	2023 HK$'000
Unlisted equity investment, at fair value (Note (b))	**15,311**	8,903
Listed equity securities, at fair value (Note (c))	**6**	43
	15,317	8,946

Notes:

(a) The above equity investments were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature.

(b) The balance represented the Group's equity interest in Yichang City Yiling District China Primary Thermal Power Limited, a private company established in the PRC, as investment held for long-term strategic purpose. The fair value of this unlisted equity investment is classified as a Level 3 measurement and is estimated based on the Group's share of the investee company's net asset value as at the end of the reporting period, as determined by an independent firm of professional valuer.

(c) The balance represented the listed equity securities which are listed and traded on the OTC Pink in the United States. The fair value was based on quoted market price as at the end of the reporting period.

22. INVENTORIES

	2024 HK$'000	2023 HK$'000
Finished goods	**6,299**	8,060

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

23. TRADE AND BILLS RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	**27,240**	24,994
Less: provision for impairment	**(5,826)**	(6,020)
	21,414	18,974
Bills receivables	**1,255**	–
	22,669	18,974

(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. Further details on the Group's credit risk arising from trade debtors and related impairment assessment are set out in Note 40(a).

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	**(197)**	(192)
At 31 December	**5,826**	6,020

Note:

The Group recognised impairment loss based on the accounting policy stated in Note 4(g)(ii).

23. TRADE AND BILLS RECEIVABLES (Continued)

(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:

	2024 **HK$'000**	2023 HK$'000
Within 30 days	**21,899**	18,362
31 – 60 days	**131**	149
61 – 90 days	**61**	73
Over 90 days	**578**	390
	22,669	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:

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

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

24. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a)

	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
	30,613	58,022
Less: provision for impairment loss on other receivables and prepayments	**(7,263)**	(7,531)
	23,350	50,491

(b) 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	**(160)**	(557)
At 31 December	**7,263**	7,531

Details of impairment assessment of other receivables are set out in Note 40(a).

25. INVESTMENTS HELD FOR TRADING

	2024 HK$'000	2023 HK$'000
Listed equity securities held at fair value – listed in Hong Kong	**49**	27

26. CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of cash and cash equivalents approximate their fair values.

At the end of the reporting period, cash and cash equivalents of the Group denominated in RMB amounted to HK$48,323,000 (2023: HK$30,428,000). RMB is not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

27. TRADE PAYABLES

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

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

28. CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	2024 HK$'000	2023 HK$'000
Current		
Contract liabilities	**10,072**	2,172
Other payables and accruals	**57,791**	27,302
Rental deposit received	**4,514**	4,531
	72,377	34,005
Non-current		
Other payables	**–**	25,056
	–	25,056
Total	**72,377**	59,061

(a) Other payables and accruals mainly included (i) construction cost payable to contractors of HK$17,745,000 (2023: HK$10,113,000), (ii) receipts in advance for rental income of HK$4,144,000 (2023: HK$3,693,000), and (iii) the amount of HK$22,217,000 (2023: HK$25,056,000) payable to a non-controlling shareholder of a subsidiary, which is unsecured, interest-bearing at 4.9% per annum and repayable by 31 December 2025.

(b) The Group received advance payments from customers of HK$2,090,000 (2023: HK$2,172,000) for its business of sale and distribution of natural gas and sale of heat and biomass gasification related products; and (ii) HK$7,982,000 (2023: HK$Nil) for its natural gas transmission services. These contract liabilities are recognised as revenue when the performance obligation is satisfied.

Movements in contract liabilities	2024 HK$'000	2023 HK$'000
At 1 January	**2,172**	–
Increase in contract liabilities as a result of receipts in advance	**11,668**	2,172
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(2,172)**	–
Decrease in contract liabilities as a result of recognising revenue during the year	**(1,596)**	–
At 31 December	**10,072**	2,172

29. LOANS FROM A MAJOR SHAREHOLDER

	2024 HK$'000	2023 HK$'000
Loans from a major shareholder comprised of:		
– current portion	**943**	943
– non-current portion	**46,100**	41,819
	47,043	42,762

The balance represented loans advanced by Ms. Ma Zheng, a director and major shareholder of the Company. The loans are unsecured, interest-bearing at 15% (2023: 15%) per annum and repayable by 30 June 2026 (2023: 30 June 2025) and 30 June 2025 (2023: 30 June 2024) for the non-current and current portion respectively.

30. BANK BORROWINGS AND LOAN FACILITIES

(a) The Group had the following interest-bearing borrowings at the end of the reporting period:

	2024 HK$'000	2023 HK$'000
Current		
– secured bank term loans	**68,812**	66,432
– unsecured bank loans	**9,629**	1,210
	78,441	67,642
Non-current		
– secured bank term loans	**243,707**	226,221
– secured bank revolving loans	**8,514**	8,802
	252,221	235,023
Total	**330,662**	302,665

As at 31 December 2024, the Group has bank borrowings of HK$189,493,000 (2023: HK$175,008,000) made specifically for the purpose of acquisition and construction of qualifying assets. Maturity analysis of all bank borrowings is disclosed in Note 40(b).

As at 31 December 2024, the effective interest rate of the interest-bearing borrowings was 3.685% per annum (2023: 3.885% per annum).

The carrying amounts of all borrowings are carried at amortised cost and approximate their fair values which carry interest at fixed or variable rates.

The carrying amounts of the borrowings are denominated in RMB.

The secured bank loan of HK$201,136,000 with maturity of 20 September 2033 is subject to a covenant that requires a subsidiary of the Company (i) maintain a debt ratio lower than 80%, (ii) both contingent liabilities and long term investment balance contribute less than 30% of net asset and (iii) do not issue any debt that has a higher priority over existing bank loan. The Group considers there is no indication that it will have difficulties in complying with this covenant.

30. BANK BORROWINGS AND LOAN FACILITIES *(Continued)*

(a) The Group had the following interest-bearing borrowings at the end of the reporting period: (Continued)

The bank loans were secured by the following:

(i) Certain investment properties (Note 17) as at 31 December 2024 and 2023;

(ii) Certain property, plant and equipment (Note 16(ii)) as at 31 December 2024 and 2023;

(iii) Corporate guarantee by a subsidiary of the Company as at 31 December 2024 and 2023;

(iv) Corporate guarantee by a non-controlling shareholder as at 31 December 2024 and 2023;

(v) Corporate guarantees by certain independent third parties as at 31 December 2024 and 2023;

(vi) Legal charge over properties of Ms. Ma Zheng, a major shareholder and director of the Company as at 31 December 2024 and 2023; and

(vii) Personal guarantees by a director of a subsidiary, Mr. Wei Bu Ti and his spouse as at 31 December 2024 and 2023.

(b) The Group's undrawn bank and other loan facilities at the end of reporting period are as follows:

	2024	2023
	HK$'000	HK$'000
Bank loan facilities		
Expiring within one year	**6,014**	–
Expiring in the second to fifth year inclusive	**47,237**	52,131
Expiring after fifth year (Note)	**1,064**	34,042
	54,315	86,173
Other loan facilities		
Expiring within one year	**21,356**	–
Expiring in the second to fifth year inclusive	**–**	19,119
	21,356	19,119
Total	**75,671**	105,292

30. BANK BORROWINGS AND LOAN FACILITIES (Continued)

The Group's loan facilities were granted by five (2023: three) banks operated in the PRC and a non-controlling shareholder. As at 31 December 2024 and 2023, the undrawn bank facilities were secured by the following:

(i) Certain investment properties (Note 17);

(ii) Certain property, plant and equipment (Note 16(ii)); and

(iii) Legal charge over a property of Ms. Ma Zheng.

Note: Such bank loan facilities are related to the Group's borrowings made specifically for the purpose of acquisition and construction of qualifying assets, which is subject to the fulfilment of covenants relating to certain financial ratios for each draw down of loan. Management regularly monitors its compliance with these covenants. As at 31 December 2024, none of the covenants relating to drawn down facilities had been breached (2023: Nil).

31. DEFERRED TAX LIABILITIES

Below set out the details of the deferred tax liabilities recognised and movements during the year:

	Fair value adjustments arising from acquisition of subsidiaries	**Fair value adjustments on investment properties**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 January 2023	(870)	(24,955)	(25,825)
Credited to profit or loss for the year (Note 11)	–	865	865
Exchange realignment	24	668	692
At 31 December 2023 and 1 January 2024	(846)	(23,422)	(24,268)
Credited to profit or loss for the year (Note 11)	–	2,207	2,207
Exchange realignment	28	725	753
At 31 December 2024	(818)	(20,490)	(21,308)

31. DEFERRED TAX LIABILITIES (Continued)

As at 31 December 2024, the Group had unused tax losses arising in Hong Kong of HK$1,733,000 (2023: HK$1,733,000) and the PRC of HK$75,424,000 (2023: HK$65,192,000) which are available for offset against future taxable profits of the group companies in which the losses arose for an indefinite period and for a period of five years respectively. The tax losses arising in Hong Kong do not expire under current tax legislation and is subjected to agreement by the Inland Revenue Department. Deferred tax assets have not been recognised in respect of these losses as they have been arisen in respect of certain group companies that have been loss-making for some years.

32. SHARE CAPITAL

	Number of Shares	**Amount**
	'000	HK$'000
Authorised:		
Ordinary shares of HK$0.0625 each at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	1,920,000	120,000
Issued and fully paid:		
Ordinary shares of HK$0.0625 each at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	1,023,987	63,999

33. SHARE OPTION SCHEME

Equity-settled share option scheme

The Group maintained a share option scheme for employee or compensation. All share-based employee compensation was settled in equity. The Group had no legal or constructive obligations to repurchase or settle the options.

A share option scheme (the "Share Option Scheme") was adopted by the shareholders of the Company at the annual general meeting of the Company held on 17 May 2022 (the "Adoption Date"). The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants who would contribute to the success of the Group's operations. There are no material changes of the terms under the Share Option Scheme. Under the terms of the Share Option Scheme, the Board may, at its discretion, grant options to any full-time employee and any director of the Company or its subsidiaries, including any executive, non-executive or independent non-executive directors. The total number of shares which may fall to be issued upon exercise of all of the outstanding options granted and yet to be exercised under the Share Option Scheme and other schemes of the Company must not exceed 30% of the shares in issue from time to time. The Share Option Scheme will remain in force for a period of ten years commencing the Adoption Date on which the scheme becomes unconditional.

33. SHARE OPTION SCHEME (Continued)

Equity-settled share option scheme (Continued)

The definition of eligible person in the Share Option Scheme include full time or part time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any of its subsidiaries) and any suppliers, consultants, agents, advisors and distributors who, in the sole discretion of the Board, have contributed or may contribute to the Group. The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue as at the date of approval of the Share Option Scheme, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point of time, without prior approval from the Company's shareholders.

Options granted to independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Any grant of options to a connected person (including but not limited to a Director, chief executive or substantial shareholder) or its associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

Where options are proposed to be granted to a connected person who is also a substantial shareholder or an independent non-executive Director or their respective associates and if such grant would result in the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant to such person representing in aggregate over 0.1% of the total issued Shares and having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK$5 million, then the proposed grant must be subject to the approval of shareholders of the Company taken on a poll in a general meeting. All connected persons of the Company must abstain from voting at such general meeting.

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

No share options were granted by the Company and no share options were exercised or lapsed under the Share Option Scheme during the years ended 31 December 2024 and 2023.

34. LEASE LIABILITIES

Set out below are the carrying amount of lease liabilities and the movement during the year:

	2024 HK$'000	2023 HK$'000
As at 1 January	**4,664**	5,936
Interests	**386**	456
Lease payments	**(2,556)**	(2,324)
Additions	**1,928**	733
Exchange realignment	**(123)**	(137)
As at 31 December	**4,299**	4,664
Less: Current portion	**(1,744)**	(1,709)
Non-current portion	**2,555**	2,955

Future lease payments are due as follows:

	Minimum lease payments 31 December 2024 HK$'000	Interest 31 December 2024 HK$'000	Present value 31 December 2024 HK$'000
Not later than one year	**2,028**	**284**	**1,744**
Later than one year and not later than five years	**2,717**	**162**	**2,555**
	4,745	**446**	**4,299**

	Minimum lease payments 31 December 2023 HK$'000	Interest 31 December 2023 HK$'000	Present value 31 December 2023 HK$'000
Not later than one year	2,033	324	1,709
Later than one year and not later than five years	3,306	351	2,955
	5,339	675	4,664

During the year ended 31 December 2024, total lease paid by the Group was HK$2,556,000 (including both principal and interest) (2023: HK$2,324,000).

35. OPERATING LEASES

As lessor

At the end of each reporting period, the undiscounted lease payments receivable by the Group in future periods in respect of leased properties under non-cancellable lease as follows:

	2024	2023
	HK$'000	HK$'000
Within one year	**12,292**	17,022
Later than one year and not later than two years	**12,608**	12,756
Later than two years and not later than three years	**9,985**	14,799
Later than three years and not later than four years	**8,790**	12,110
Later than four years and not later than five years	**7,665**	10,074
Over five years	**12,411**	21,614
	63,751	88,375

36. CAPITAL COMMITMENTS

	2024	2023
	HK$'000	HK$'000
Contracted for but not provided:		
– acquisition of property, plant and equipment	**13,837**	61,249

37. NOTES SUPPORTING STATEMENT OF CASH FLOWS

(a) Non-cash transactions

During the year ended 31 December 2024, the Group has non-cash addition to right-of-use assets and lease liabilities in the same amount of HK$1,928,000 (2023: HK$733,000) in respect of lease arrangements of land and buildings.

(b) Reconciliation of liabilities arising from financing activities:

	Other payables HK$'000	Loans from a major shareholder HK$'000	Lease liabilities HK$'000	Bank borrowings HK$'000
At 1 January 2024	25,056	42,762	4,664	302,665
Changes from cash flows:				
Proceeds from bank borrowings	–	–	–	142,411
Repayment of bank borrowings	–	–	–	(103,761)
Loans from a non-controlling shareholder of a subsidiary	9,080	–	–	–
Loans from a major shareholder	–	205	–	–
Repayment of loans to a major shareholder	–	(800)	–	–
Repayment of loans to a non-controlling shareholder of a subsidiary	(12,161)	–	–	–
Repayment of principal portion of lease liabilities	–	–	(2,170)	–
Interest on lease liabilities	–	–	(386)	–
Interest on borrowings	–	–	–	(11,795)
Total changes from financing cash flows	(3,081)	(595)	2,556	26,855
Other changes:				
Interest on borrowings	1,024	4,876	–	11,795
Interest on lease liabilities	–	–	386	–
New lease liabilities	–	–	1,928	–
Exchange adjustments	(782)	–	(123)	(10,653)
Total other changes	242	4,876	2,191	1,142
At 31 December 2024	22,217	47,043	4,299	330,662

37. NOTES SUPPORTING STATEMENT OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities: (Continued)

	Other payables HK$'000	Loans from a major shareholder HK$'000	Lease liabilities HK$'000	Bank borrowings HK$'000
At 1 January 2023	–	35,956	5,936	263,438
Changes from cash flows:				
Proceeds from bank borrowings	–	–	–	352,931
Repayment of bank borrowings	–	–	–	(306,423)
Loans from a non-controlling shareholder of a subsidiary	25,158	–	–	–
Loans from a major shareholder	–	2,528	–	–
Repayment of loans to a major shareholder	–	(382)	–	–
Repayment of principal portion of lease liabilities	–	–	(1,868)	–
Interest on lease liabilities	–	–	(456)	–
Interest on borrowings	(807)	–	–	(11,072)
Total changes from financing cash flows	24,351	2,146	(2,324)	35,436
Other changes:				
Interest on borrowings	807	4,660	–	11,072
Interest on lease liabilities	–	–	456	–
New lease liabilities	–	–	733	–
Exchange adjustments	(102)	–	(137)	(7,281)
Total other changes	705	4,660	1,052	3,791
At 31 December 2023	25,056	42,762	4,664	302,665

38. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Except for those disclosed in Notes 15 and 29 of these consolidated financial statements, the Group had no other significant related party transactions during the years ended 31 December 2024 and 2023.

Members of key management during the year comprised only of the directors whose remuneration is set out in Note 15(a) to the financial statements.

39. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the Group consists of debts and equity attributable to owners of the Company, comprising share capital and reserves as disclosed in the consolidated statement of changes in equity.

The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Group has approximately 183% determined as the proportion of total debts to total equity as defined above.

The gearing ratios were as follows:

	2024 **HK$'000**	2023 HK$'000
Total debts	**399,922**	345,427
Total equity	**218,604**	254,572
Gearing ratio	**183%**	136%

40. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk, currency risk and price risk. These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to its trade receivables, other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade receivables. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer or counterparty. The default risk experienced in the industry in which the customers operate also has an influence on credit risk, but to a lesser extent. As at 31 December 2024, the Group has concentration of credit risk as 34% (2023: 74%) of the total trade receivables were due from the Group's largest customer in relation to sale and distribution of natural gas segment. This largest customer represented a listed company in PRC.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

40. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2024 and 2023:

As at 31 December 2024

	Expected loss rate (%)	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Collective assessment				
Current (not past due)	**–**	**19,968**	**–**	**19,968**
Less than 31 days past due	**0.01%**	**783**	**–***	**783**
31-60 days past due	**0.05%**	**26**	**–***	**26**
61-90 days past due	**0.07%**	**61**	**–***	**61**
Over 90 days but less than 1 year past due	**0.90%**	**553**	**(5)**	**548**
More than 1 year past due	**96.15%**	**728**	**(700)**	**28**
		22,119	**(705)**	**21,414**
Individual assessment	**100.00%**	**5,121**	**(5,121)**	**–**
		27,240	**(5,826)**	**21,414**

* Amount less than HK$1,000

As at 31 December 2023

	Expected loss rate (%)	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Collective assessment				
Current (not past due)	–	17,857	–	17,857
Less than 31 days past due	0.01%	654	–*	654
31-60 days past due	0.05%	73	–*	73
61-90 days past due	0.70%	73	–*	73
Over 90 days but less than 1 year past due	8.20%	317	(26)	291
More than 1 year past due	96.42%	726	(700)	26
		19,700	(726)	18,974
Individual assessment	100.00%	5,294	(5,294)	–
		24,994	(6,020)	18,974

* Amount less than HK$1,000

40. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (continued)

Expected loss rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not individually credit-impaired related to a number of independent customers with good track of record with the Group.

Receivables that were past due but individually credit-impaired related to balance of a number of independent customers which have been long outstanding and management assessed them to be irrecoverable.

The movement in the loss allowance account in respect of trade receivables during the years ended 31 December 2024 and 2023 is set out to the consolidated financial statements (Note 23(b)).

In assessing credit risk exposure from other receivables, the management individually assessed the credit loss of other receivables that have been long outstanding and assessed to be credit-impaired. As at 31 December 2024, reversal of impairment loss on these other receivables of HK$108,000 (2023: HK$130,000) was recognised. Other receivables not individually credit-impaired related to a number of independent third parties with good track of record with the Group. Therefore, the management considers there is a low risk of default and the expected credit loss from these other receivables is immaterial.

The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are the major banks in PRC and Hong Kong with established credit ratings, for which the Group considers to have low credit risk. Given the high credit ratings of the banks, management does not expect any counterparties to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables and other receivables, deposits and prepayments are set out in Notes 23 and 24 respectively.

40. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the end of reporting period) and the earliest date the Group can be required to pay.

Specifically, for bank loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
2024						
Trade payables	**11,129**	**11,129**	**11,129**	**–**	**–**	**–**
Other payables and accruals	**53,647**	**53,647**	**53,647**	**–**	**–**	**–**
Loans from a major shareholder	**47,043**	**47,043**	**943**	**46,100**	**–**	**–**
Lease liabilities	**4,299**	**4,299**	**1,744**	**1,449**	**1,106**	**–**
Bank borrowings	**330,662**	**330,662**	**78,441**	**32,421**	**125,317**	**94,483**
	446,780	**446,780**	**145,904**	**79,970**	**126,423**	**94,483**

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
2023						
Trade payables	12,570	12,570	12,570	–	–	–
Other payables and accruals	48,667	48,667	23,611	25,056	–	–
Loans from a major shareholder	42,762	42,762	943	41,819	–	–
Lease liabilities	4,664	4,664	1,709	1,144	1,811	–
Bank borrowings	302,665	302,665	67,642	29,405	125,391	80,227
	411,328	411,328	106,475	97,424	127,202	80,227

40. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (continued)

The table that follows summarises the maturity analysis of bank loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts are greater than the amounts disclosed in the "on demand" time band in the above maturity analysis. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Carrying amount	Maturity Analysis – bank loans subject to a repayment on demand clause based on scheduled repayments Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2024	**330,662**	**330,662**	**78,441**	**32,421**	**125,317**	**94,483**
31 December 2023	302,665	302,665	67,642	29,405	125,391	80,227

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowings. Bank borrowings at floating rates expose the Group to cash flow interest rate risk.

The following table details the interest rate profile of the Group at the end of reporting period.

	2024 **Effective interest rate**		2023 Effective interest rate	
	%	**HK$'000**	%	HK$'000
Variable rate				
Bank borrowings	**3.685%**	**330,662**	4.243%	302,665
Bank balances	**0.521%**	**(49,033)**	2.283%	(30,616)
Total net bank borrowings		**281,629**		272,049

It is estimated that as at 31 December 2024, a general increase/decrease of 100 basis points (2023: 100 basis points) in interest rates, with all other variables held constant, would increase/decrease the Group's profit or loss after income tax and accumulated losses by HK$2,816,000 (2023: HK$2,720,000).

40. FINANCIAL RISK MANAGEMENT (Continued)

(d) Currency risk

Currency risk to the Group is minimal as most of the Group's transactions are carried out in the respective functional currencies of the group entities.

(e) Price risk – Equity price risk

The Group is exposed to equity price changes arising from unlisted equity investments classified as financial assets at FVTOCI as at 31 December 2024.

The management would manage its exposure arising from the investment by closely monitoring the performance of the respective unlisted equity investments and market conditions.

At 31 December 2024, it is estimated that an increase/decrease of 5% in the net asset value of this unlisted equity investment, with all other variables held constant, would have increased/decreased the Group's fair value reserve (other components of consolidated equity) by approximately HK$766,000 (2023: HK$445,000).

(f) Fair values estimation

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subject in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

41. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2024 and 2023 may be categorised as follows:

	2024 **HK$'000**	2023 HK$'000
Financial assets		
Financial assets measured at amortised cost (including cash and cash equivalents)	**88,350**	82,941
Investments held for trading at fair value through profit or loss	**49**	27
Financial assets measured at FVTOCI – equity investments	**15,317**	8,946
Financial liabilities		
Financial liabilities measured at amortised cost	**446,780**	411,328

41. *SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)*

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, pledged bank deposit, trade and other receivables, trade and other payables, loans from a major shareholder, lease liabilities and bank borrowings.

Due to their short term nature, the carrying value of cash and cash equivalents, pledged bank deposit, trade and other receivables, trade and other payables, loans from a major shareholder and bank borrowings approximates to their fair value.

The fair value of lease liabilities have been determined by discounting the expected future cash flows using incremental borrowing rates.

(b) Financial instruments measured at fair value

The fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the relationship between key observable inputs and fair value are set out below.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset that are not based on observable market data (unobservable inputs).

41. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

(b) Financial instruments measured at fair value (Continued)

	2024			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Financial assets				
Investments held for trading				
– listed	**49**	**–**	**–**	**49**
Equity instruments measured at FVTOCI				
– listed equity investment	**6**	**–**	**–**	**6**
– unlisted equity investment	**–**	**–**	**15,311**	**15,311**

	2023			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets				
Investments held for trading				
– listed	27	–	–	27
Equity instruments measured at FVTOCI				
– listed equity investment	43	–	–	43
– unlisted equity investment	–	–	8,903	8,903

There were no transfers between levels during the year.

41. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

(b) Financial instruments measured at fair value (Continued)

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follows:

	2024 **HK$'000**	2023 HK$'000
Unlisted equity investment		
At 1 January	**8,903**	13,220
Additions	**6,217**	700
Change in fair value recognised in other comprehensive income	**601**	(5,017)
Exchange realignment	**(410)**	–
At 31 December	**15,311**	8,903

Information about level 3 fair value measurements:

Significant unobservable inputs	**Relationship of unobservable inputs to fair value**
Unlisted equity investment	
Net assets value of the investee	The higher the net assets value, the higher the fair value
Discount for lack of marketability	The lower the discount for lack of marketability, the higher the fair value
Financial liabilities	
Future price of the underlying equity instrument	The higher the future price, the higher the fair value
Risk-free rate that are specific to the market	The lower the risk-free rate, the higher the fair value
Volatility rates that are in line with those similar products	The higher the volatility rate, the higher the fair value

42. HOLDING COMPANY'S STATEMENT OF FINANCIAL POSITION

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment		**1,191**	289
Interests in subsidiaries		**288,416**	296,953
Equity instruments measured at FVTOCI		**6**	43
Total non-current assets		**289,613**	297,285
Current assets			
Other receivables, deposits and prepayments		**327**	382
Cash and cash equivalents		**137**	24
Total current assets		**464**	406
Total assets		**290,077**	297,691
Current liabilities			
Other payables and accruals		**2,488**	2,308
Amounts due to subsidiaries		**158,066**	158,160
Lease liabilities		**434**	273
Loan from a major shareholder		**943**	943
Total current liabilities		**161,931**	161,684
Net current liabilities		**(161,467)**	(161,278)
Non-current liabilities			
Lease liabilities		**726**	–
Total non-current liabilities		**726**	–
NET ASSETS		**127,420**	136,007
Equity			
Share capital	32	**63,999**	63,999
Reserves	43	**63,421**	72,008
TOTAL EQUITY		**127,420**	136,007

These financial statements were approved and authorised for issue by the board of directors on 24 March 2025.

Ma Zheng
Director

Yuan Geng
Director

43. RESERVES OF THE COMPANY

	Share premium account HK$'000 (Note)	Financial assets at FVTOCI reserve HK$'000	Accumulated losses HK$'000	Total equity HK$'000
Balance at 1 January 2023	714,488	123	(634,391)	80,220
Loss and total comprehensive income for the year	–	(113)	(8,099)	(8,212)
Balance at 31 December 2023 and 1 January 2024	714,488	10	(642,490)	72,008
Loss and total comprehensive income for the year	–	(37)	(8,550)	(8,587)
Balance at 31 December 2024	714,488	(27)	(651,040)	63,421

Note: The share premium account of the Company includes: (i) the premium arising from issues of shares of the Company at a premium less share issue expenses; and (ii) the excess of the then combined net assets of the subsidiaries acquired pursuant to the Group reorganisation over the nominal value of the Company's shares issued in exchange therefor.

Under the Companies Law (Revision) of the Cayman Islands, the share premium account is distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

Particulars of Investment Properties

31 DECEMBER 2024

	Location	Use	Tenure	Attributable interest of the Group
1.	Factory building No. 1 No. 6 Ya Yuan Road Yao Ting District Yichang City Hubei Province, the PRC	Industrial	Medium term lease	100%
2.	Factory building No. 2 No. 6 Ya Yuan Road Yao Ting District Yichang City Hubei Province, the PRC	Industrial	Medium term lease	100%
3.	Factory building No. 3 No. 6 Ya Yuan Road Yao Ting District Yichang City Hubei Province, the PRC	Industrial	Medium term lease	100%
4.	Factory building No. 4 No. 6 Ya Yuan Road Yao Ting District Yichang City Hubei Province, the PRC	Industrial	Medium term lease	100%
5.	Factory building No. 5 No. 6 Ya Yuan Road Yao Ting District Yichang City Hubei Province, the PRC	Industrial	Medium term lease	100%
6.	Factory building No. 6 No. 6 Ya Yuan Road Yao Ting District Yichang City Hubei Province, the PRC	Industrial	Medium term lease	100%

Financial Summary

The following is a summary of the consolidated results and assets and liabilities of the Group, prepared for the last five years, as extracted from the audited consolidated financial statements of the Group. This summary does not form part of the audited financial statements.

Results

	Year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**160,754**	183,442	184,683	141,544	88,223
Other income and gains and losses	**4,376**	1,724	1,598	2,989	1,948
Cost of sales and operating expenses	**(180,268)**	(193,632)	(188,232)	(145,273)	(77,821)
Operating profit/(loss)	**(15,138)**	(8,466)	(1,951)	(740)	12,350
Finance costs	**(11,965)**	(8,617)	(6,360)	(5,014)	(3,499)
Profit/(loss) before income tax	**(27,103)**	(17,083)	(8,311)	(5,754)	8,851
Income tax credit/(expense)	**1,590**	(2,542)	(3,509)	(2,505)	251
Profit/(loss) for the year	**(25,513)**	(19,625)	(11,820)	(8,259)	9,102
Profit/(loss) attributable to:					
Owners of the Company	**(26,473)**	(17,500)	(9,855)	(7,941)	10,279
Non-controlling interests	**960**	(2,125)	(1,965)	(318)	(1,177)
	(25,513)	(19,625)	(11,820)	(8,259)	9,102

Assets and Liabilities

	31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**756,306**	755,286	738,521	752,950	608,215
Total liabilities	**(494,944)**	(454,672)	(403,103)	(386,757)	(270,534)
	261,362	300,614	335,418	366,193	337,681