

Chinese Energy Holdings Limited

華夏能源控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 8009)

2022/2023 FIRST QUARTERLY RESULTS ANNOUNCEMENT

CHARACTERISTICS OF THE 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This announcement, for which the directors (“**Directors**” and each a “**Director**”) of Chinese 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 the GEM (the “**GEM Listing Rules**”) of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledges and beliefs: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

HIGHLIGHTS

- The Company and its subsidiaries (collectively referred to as the “**Group**”) recorded a revenue of approximately HK\$28,606,000 (2021: HK\$101,199,000) for the three months ended 30 June 2022, representing a significant decrease of approximately 71.73% when compared with the same period in 2021.
- The Group recorded an unaudited consolidated loss attributable to owners of the Company of approximately HK\$4,208,000 (2021: HK\$403,000) for the three months ended 30 June 2022, representing a significant increase of approximately 944.17% when compared with the same period of last year. The board (the “**Board**”) of Directors considered that the deterioration in the performance of the Group was mainly attributable to global supply chain disruptions.
- The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2022 (2021: Nil).

RESULTS

The Board of the Company hereby announces the unaudited consolidated results of the Group for the three months ended 30 June 2022, together with the comparative unaudited figures for the corresponding period in 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Three months ended 30 June	
		2022	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	(Unaudited)	(Unaudited)
Revenue	4	28,606	101,199
Cost of sales		<u>(27,719)</u>	<u>(98,574)</u>
Gross profit		887	2,625
Other income	5	577	576
Other gain	6	11	–
Provision of impairment loss under expected credit loss (“ECL”) model on a trade receivable		(3,360)	(1,199)
Administrative expenses		(2,418)	(2,042)
Finance costs		<u>(24)</u>	<u>(11)</u>
Loss before tax	7	(4,327)	(51)
Income tax credit (expense)	8	<u>119</u>	<u>(352)</u>
Loss for the period		<u><u>(4,208)</u></u>	<u><u>(403)</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (CONTINUED)**

	Three months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Note</i>	(Unaudited)	(Unaudited)
Other comprehensive (expense) income for the period, net of income tax		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(15,165)	4,577
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value gain on investment in financial assets at fair value through other comprehensive income (“FVTOCI”)	<u>5,362</u>	<u>1,205</u>
Other comprehensive (expense) income for the period	<u>(9,803)</u>	<u>5,782</u>
Total comprehensive (expense) income for the period	<u>(14,011)</u>	<u>5,379</u>
Loss per share	<i>9</i>	
– basic (HK cents)	<u>(7.14)</u>	<u>(0.68)</u>
– diluted (HK cents)	<u>(7.14)</u>	<u>(0.68)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong (“**HK**”) and its ordinary shares (“**Shares**” and each a “**Share**”) are listed on the GEM of the Stock Exchange. The address of its registered office and principle place of business of the Company is Unit 3517, Floor 35, West Tower, Shun Tak Centre, No. 168-200 Connaught Road Central, HK. The Group principally engaged in trading of liquefied natural gas (“**LNG**”), investment in financial assets, general trading (including market sourcing of technical and electronic products) and provision of money lending.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except for the amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) applied by the Group in the current period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the three months ended 30 June 2022 are consistent with those adopted in preparing the Group’s annual financial statements for the year ended 31 March 2022.

The financial information relating to the year ended 31 March 2022 included in these financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2021 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 March 2022 in due course.

The Company’s external auditor has reported on the financial statements for the years ended 31 March 2021 and 2022. The independent auditor’s reports were unqualified; did not include references to any matter to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain statements under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The condensed consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the condensed consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Companies Ordinance.

The condensed consolidated financial statements are unaudited, but have been reviewed by the audit committee (the “**Audit Committee**”) of the Company and were approved for issue by the Board.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current period

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current period:

Amendments to HKFRS 3	Reference to the Conception Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective date to be determined.

The Directors do not anticipate that the application of these new and amendments to HKFRSs will have any material impact on the Group's consolidated financial statements in the foreseeable future.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. REVENUE

Disaggregation of revenue from contracts with customers:

	Three months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Types of goods and service		
Trading of LNG	<u>28,606</u>	<u>101,199</u>
Revenue from contracts with customers	<u><u>28,606</u></u>	<u><u>101,199</u></u>

Disaggregation of revenue from contracts with customers by timing of revenue recognition:

	Trading of LNG	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
For three months ended 30 June		
Disaggregated by timing of revenue recognition		
Point in time	<u><u>28,606</u></u>	<u><u>101,199</u></u>

5. OTHER INCOME

	Three months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Dividend income	480	437
Government subsidies	32	–
Interest income from banks and financial institutions	54	133
Other refund	<u>11</u>	<u>6</u>
	<u><u>577</u></u>	<u><u>576</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. OTHER GAIN

	Three months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Gain on disposal of a financial asset at fair value through profit or loss (“FVTPL”)	11	–

7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging the following items:

	Three months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Staff costs (including Directors’ emoluments)		
Salaries, allowances and other benefits	935	813
Contributions to retirement benefits schemes	22	19
	957	832
External auditor’s remuneration		
– audit services	113	105
– other services	–	25
Depreciation of property, plant and equipment	31	22
Depreciation of right-of-use assets	255	260
Lease payments for short-term lease not included in the measurement of lease liabilities	17	11
Net exchange loss	157	52
Professional fees	316	124
Provision of impairment loss under ECL model on a trade receivable	3,360	1,199

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. INCOME TAX CREDIT (EXPENSE)

Under the Two-tiered Profits Tax Rates Regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the Two-tiered Profits Tax Rates Regime will continue to be taxed at a flat rate of 16.5%. The Directors considered the amount involved upon implementation of the Two-tiered Profits Tax Rates Regime is insignificant to the condensed consolidated financial statements. HK Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. No provision for HK profits tax had been made as the Group did not generate any assessable profits in HK for both periods.

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% for both periods. Taxation for other entities of the Group is charged at their respective applicable income tax rates ruling in the relevant jurisdictions.

9. LOSS PER SHARE

The basic and diluted loss per Share attributable to owners of the Company are calculated on the following data:

	Three months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company	<u>(4,208)</u>	<u>(403)</u>
	<i>'000</i>	<i>'000</i>
Number of Shares		
Number of Shares as at 30 June	<u>58,901</u>	<u>58,901</u>

The calculation of basic and diluted loss per Share are based on the loss attributable to owners of the Company, and number of 58,900,537 (2021: 58,900,537) Shares in issue.

No diluted loss per Share for both periods were presented as there were no potential Shares in issue for both periods.

FINANCIAL REVIEW

For the three months ended 30 June 2022, the revenue of the Group was approximately HK\$28,606,000 (2021: HK\$101,199,000). The cost of sales of the Group for the three months ended 30 June 2022 was approximately HK\$27,719,000 (2021: HK\$98,574,000). The gross profit of the Group for the three months ended 30 June 2022 was approximately HK\$887,000 (2021: HK\$2,625,000). Dividend income received by the Group from investment in financial and investment products for the three months ended 30 June 2022 was approximately HK\$480,000 (2021: HK\$437,000). The administrative expenses of the Group for the three months ended 30 June 2022 was approximately HK\$2,418,000 (2021: HK\$2,042,000). The Group recorded an unaudited consolidated loss attributable to owners of the Company of approximately HK\$4,208,000 (2021: HK\$403,000) for the three months ended 30 June 2022, representing a significant increase of approximately 944.17% when compared with the same period of last year. The Board considered that the deterioration in the performance of the Group was mainly attributable to global supply chain disruptions.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2022 (2021: Nil).

INVESTMENTS

The Company continues to identify suitable investments in HK stock equity market as well as any industry with high growth potential in PRC. As of 30 June 2022, the Group has investment classified as financial assets at FVTOCI of approximately HK\$56,619,000 (31 March 2022: HK\$51,257,000). In general, the investment strategy will be reviewed and monitored constantly with appropriate actions taken whenever necessary in response to the changes in global economic and market situations.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not make any material acquisition and disposal of subsidiaries and affiliated companies for the three months ended 30 June 2022.

CONTINGENT LIABILITIES AND CHARGE ON ASSETS

The Group has no significant contingent liabilities as at 30 June 2022 (31 March 2022: Nil). As at 30 June 2022, the Group did not pledge any asset to financial institution in respect of the due and punctual payment of its obligations (31 March 2022: Nil).

BUSINESS REVIEW AND OUTLOOK

Due to armed conflict between Russia and Ukraine in the beginning of 2022, the overall market supply of LNG in the world was under immense pressure. Besides, the LNG market in PRC continues to feature with various risks and challenges due to, among others, the geopolitical conflicts, international trade frictions and global supply chain disruptions. In order to minimize the impact to the Group, the Group will source LNG supply from oversea markets in order to boost its sales volume and increase the revenue for the benefit of the shareholders (“**Shareholders**” and each a “**Shareholder**”) of the Company.

As central government of PRC is keen to maintain a recovery growth, it has adopted numbers of measures and policies to stimulate market vitality and overall market demands. The management of the Group remains cautiously optimistic about the future prospect.

EVENT AFTER THE REPORTING PERIOD

Pursuant to the Company’s announcements dated 13 December 2021, 12 April 2022 and 15 July 2022, the GEM Listing Committee (the “**GEM Listing Committee**”) and GEM Listing Review Committee of the Stock Exchange have decided to uphold the decision of the Listing Division (the “**Listing Division**”) of the Stock Exchange that the Company failed to maintain a sufficient level of operations and assets as required under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of Shares, and that trading in Shares had been suspended since 15 July 2022 under Rule 9.04(3) of the GEM Listing Rules.

Pursuant to the Company’s announcement in relation to the resumption guidance and continued suspension of trading dated 22 July 2022, the Company will remedy the issues set by the Stock Exchange on or before the deadline of resumption of trading in the Shares. If the Company can not satisfy the requirements on or before 14 July 2023, the Listing Division will recommend the GEM Listing Committee to proceed with the cancellation of the Company’s listing. Further announcements of quarterly updates on Company’s developments will be made by the Company in accordance with the requirements of Rule 17.26A of the GEM Listing Rules.

DIRECTOR'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATION

As at 30 June 2022, the interests of the Directors, chief executives of the Company and their associates in Shares or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (Chapter 571, Laws of HK)) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules, were as follows:

Long position in Shares:

Name of a Director	Capacity	Number of Shares held	Approximate percentage of issued share capital of the Company
Mr. Chen Haining ("Mr. HN Chen")	Held by controlled corporation (<i>Note</i>)	7,141,000	12.12%

Note:

These Shares are registered in the name of Wise Triumph Limited ("WTL"), which is wholly-owned by Mr. HN Chen who is deemed to be interested in all the shares in which WTL is interested by virtue of the SFO.

Save as disclosed above, none of the Directors, chief executive of the Company or their associates had or was deemed to have any interests or short positions in Shares, underlying shares or debentures of the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, the following persons or companies (other than the Directors or chief executive of the Company) had interests or short positions in Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Long positions in Shares:

Names of substantial Shareholders	Capacities/ natures of interests	Numbers of Shares held	Approximate percentages of issued share capital of the Company <i>(Note 4)</i>
Keen Insight Limited (“ KIL ”) <i>(Note 1)</i>	Beneficial owner	8,250,000	14.01%
Hony Capital Group L.P. (“ HCGLP ”) <i>(Note 1)</i>	Interests in controlled corporation	8,250,000	14.01%
Hony Group Management Limited (“ HGML ”) <i>(Note 1)</i>	Interests in controlled corporation	8,250,000	14.01%
Hony Managing Partners Limited (“ HMPL ”) <i>(Note 1)</i>	Interests in controlled corporation	8,250,000	14.01%
Exponential Fortune Group Limited (“ EFGL ”) <i>(Note 1)</i>	Interests in controlled corporation	8,250,000	14.01%
Mr. Zhao John Huan (“ Mr. Zhao ”) <i>(Note 1)</i>	Interests in controlled corporation	8,250,000	14.01%
WTL <i>(Note 2)</i>	Beneficial owner	7,141,000	12.12%

Names of substantial Shareholders	Capacities/ natures of interests	Numbers of Shares held	Approximate percentages of issued share capital of the Company (Note 4)
Mark Profit Development Limited (“ MPDL ”) (Note 3)	Beneficial owner	3,585,000	6.09%
Easyknit Properties Holdings Limited (“ EPHL ”) (Note 3)	Interests in controlled corporation	3,585,000	6.09%
Easyknit International Holdings Limited (“ EIHL ”) (Note 3)	Interests in controlled corporation	5,770,000	9.80%
Magical Profits Limited (“ MPL ”) (Note 3)	Interests in controlled corporation	5,770,000	9.80%
Accumulate More Profits Limited (“ AMPL ”) (Note 3)	Interests in controlled corporation	5,770,000	9.80%
The Winterbotham Trust Company Limited (“ TWTCL ”) (Note 3)	Interests in controlled corporation	5,770,000	9.80%
The Magical 2000 Trust (“ The Magical ”) (Note 3)	Interests in controlled corporation	5,770,000	9.80%
Ms. Koon Ho Yan Candy (“ Ms. Koon ”) (Note 3)	Interests in controlled corporation	5,770,000	9.80%
Winterbotham Holdings Limited (“ WHL ”) (Note 3)	Interests in controlled corporation	5,770,000	9.80%
Mr. Christopher Geoffrey Douglas Hooper (“ Mr. Hooper ”) (Note 3)	Interests in controlled corporation	5,770,000	9.80%

Notes:

1. KIL is a wholly-owned subsidiary of HCGLP. HCGLP is a wholly-owned subsidiary of HGML. HGML is owned as to 80% by HMPL, a wholly-owned subsidiary of EFGL. EFGL is held as to 49% by Mr. Zhao, and the remaining 51% is held by two individuals equally.
2. WTL is wholly-owned by Mr. HN Chen.
3. MPDL is a wholly-owned subsidiary of EPHL, which in turn is a wholly-owned subsidiary of EIHL. Glory Link Investment Limited is a wholly-owned subsidiary of Eminence Enterprise Limited (“EEL”), which holds 2,185,000 Shares or approximately 3.71% of issued share capital of the Company. EEL is held as to approximately 43.35%, 14.44%, 2.09% and 2.42% by Ace Winner Investment Limited, Goodco Development Limited and Landmark Profits Limited (those are wholly-owned subsidiaries of EIHL) as well as EIHL respectively. As such, EEL is totally held by EIHL approximately 62.30%. EIHL is held as to approximately 39.44% by MPL, which in turn is a wholly-owned subsidiary of AMPL. AMPL is wholly-owned by TWTCL in its capacity as a trustee of The Magical (beneficiaries include Ms. Koon). TWTCL is held as to 75% by WHL, which in turn is held as to approximately 99.99% by Mr. Hooper. Furthermore, EIHL is held as to approximately 23.56% by Sea Rejoice Limited, which in turn is wholly-owned by Ms. Lui Yuk Chu, the spouse of Mr. Koon Wing Yee.
4. The percentage is based on 58,900,537 issued Shares as at 30 June 2022.

Save as disclosed above, there was no long positions of the other persons and substantial Shareholders in the underlying shares and Shares recorded in the register.

Short positions in the underlying shares and Shares:

As at 30 June 2022, no short positions of other persons and substantial Shareholders in the underlying shares of equity derivatives of the Company and Shares were recorded in the register.

As at 30 June 2022, save as disclosed above, the Directors and chief executive of the Company were not aware of any persons or companies (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in Shares or underlying shares of the Company which were interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or any persons (not being a Director) have interests or short positions in Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Associations which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Group has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the three months ended 30 June 2022 was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate and none of the Directors, their spouses or children under the age of eighteen, had any rights to subscribe for securities of the Company, or had exercised any such rights during the three months ended 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPETITION AND CONFLICT OF INTERESTS

During the period under review, none of the Directors, the management Shareholders, substantial Shareholders or any of their respective associates (as defined in the GEM Listing Rules) had interests in a business which causes or may cause any significant competition and conflict of interests with the business of the Group.

AUDIT COMMITTEE

The Audit Committee has three members comprising three independent (“**Independent**”) non-executive (“**Non-Executive**”) Directors, namely, Mr. Luk Chi Shing (“**Mr. Luk**”) (Chairman of the Audit Committee), Mr. Leung Fu Hang (“**Mr. Leung**”), and Mr. Chen Liang (“**Mr. L Chen**”).

The primary duties of the Audit Committee are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems, risk management, and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements.

The Group’s first quarterly results for the three months ended 30 June 2022 have been reviewed by the members of the Audit Committee, who are of the opinion that the preparation of such financial results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The remuneration committee (the “**Remuneration Committee**”) of the Company has three members comprising three Independent Non-Executive Directors, namely, Mr. Leung (Chairman of the Remuneration Committee), Mr. Luk and Mr. L Chen.

The primary duties of the Remuneration Committee, among others, are (i) to make recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management remunerations and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) to review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives; and (iii) to make recommendations to the Board on the remuneration packages of individual executive (“**Executive**”) Directors and senior management.

NOMINATION COMMITTEE

The nomination committee (the “**Nomination Committee**”) of the Company has three members comprising two Independent Non-Executive Directors, namely, Mr. L Chen (Chairman of the Nomination Committee) and Mr. Leung, and one Executive Director, namely, Mr. HN Chen.

The primary duties of the Nomination Committee include, among other things:

- (a) to review director nomination policy and board diversity policy;
- (b) to review the structure, size and composition (including the skills, knowledges and experiences) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategies;
- (c) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (d) to assess the independence of Independent Non-Executive Directors; and
- (e) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and/or chief executive of the Company.

DISCLOSURE OF INFORMATION OF DIRECTOR UNDER RULES 17.50(2) AND 17.50A(1) OF THE GEM LISTING RULES

Save as disclosed below, there is no change in the information of each Director that is required to be disclosed under Rules 17.50(2) and 17.50A(1) of the GEM Listing Rules during the three months ended 30 June 2022.

Mr. Luk, an Independent Non-Executive Director of the Company

Mr. Luk has been appointed as an independent non-executive director of Imperial Pacific International Holdings Limited, a company listed on the Main Board of the Stock Exchange with stock code: 1076 from 15 July 2022.

By order of the Board

Mr. Chen Haining

Chairman and Chief Executive Officer

Hong Kong, 12 August 2022

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

This announcement will remain on the “Latest Listed Company Information” page of The Stock Exchange’s website at www.hkexnews.hk for at least seven (7) days from the date of its posting and on the website of the Company at www.chinese-energy.com.