



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)



2015
Interim Report

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

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This 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 the 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 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 report misleading.



HIGHLIGHTS

Turnover for the six months ended 30 June 2015 was approximately HK\$68,495,000 (six months ended 30 June 2014: approximately HK\$25,240,000), representing an increase of approximately 171% from the corresponding period of last year.

Loss attributable to owners of the Company amounted to approximately HK\$22,845,000 (six months ended 30 June 2014: loss of approximately HK\$19,103,000).

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

UNAUDITED RESULTS

The board of Directors (the “Board”) of China Primary Energy Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2015 together with the comparative figures as follows. The consolidated interim financial statements of the Group have not been audited but have been reviewed by the audit committee of the Company.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND COMPREHENSIVE INCOME**

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2015	2014	2015	2014
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	2	36,018	14,864	68,495	25,240
Other income and gains and losses	3	(1,338)	207	(1,129)	204
Cost of sales		(28,526)	(15,747)	(57,228)	(27,542)
Staff costs, including directors' remuneration		(7,531)	(4,562)	(13,127)	(7,570)
Depreciation		(1,961)	(1,341)	(3,668)	(2,604)
Amortisation of land use rights		(203)	(192)	(402)	(384)
Amortisation of other intangible assets		(356)	–	(712)	–
Other operating expenses		(6,076)	(2,992)	(13,044)	(6,620)
Share of (loss)/profit of an associate		(367)	186	(404)	186
Finance costs	4	(1,519)	(123)	(2,393)	(225)
Loss before income tax	5	(11,859)	(9,700)	(23,612)	(19,315)
Income tax	6	–	–	–	–
Loss for the period		(11,859)	(9,700)	(23,612)	(19,315)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		(2,250)	(726)	(1,988)	(7,419)
Other comprehensive income for the period		(2,250)	(726)	(1,988)	(7,419)
Total comprehensive income for the period		(14,109)	(10,426)	(25,600)	(26,734)



	<i>Note</i>	Three months ended		Six months ended	
		30 June		30 June	
		2015	2014	2015	2014
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss attributable to:					
Owners of the Company		(11,023)	(9,488)	(22,845)	(19,103)
Non-controlling interests		(836)	(212)	(767)	(212)
		<u>(11,859)</u>	<u>(9,700)</u>	<u>(23,612)</u>	<u>(19,315)</u>
Total comprehensive income attributable to:					
Owners of the Company		(13,274)	(10,214)	(24,838)	(26,522)
Non-controlling interests		(835)	(212)	(762)	(212)
		<u>(14,109)</u>	<u>(10,426)</u>	<u>(25,600)</u>	<u>(26,734)</u>
Basic and diluted loss per share	8	<u>(1.33 cents)</u>	<u>(1.52 cents)</u>	<u>(2.77 cents)</u>	<u>(3.28 cents)</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

		30 June 2015	31 December 2014
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		151,763	151,224
Land use rights		32,196	32,570
Goodwill		24,661	24,660
Other intangible assets		24,929	25,643
Interests in an associate		4,868	5,269
Available-for-sale investments		49,318	33
Total non-current assets		287,735	239,399
Current assets			
Inventories		21,743	18,176
Trade receivables	<i>10</i>	47,172	45,702
Other receivables, deposits and prepayments		93,112	61,039
Amount due from an associate		1,786	410
Investments held for trading		3,143	122
Derivative asset	<i>12</i>	48,461	–
Cash and cash equivalents		132,834	8,708
Total current assets		348,251	134,157
Total assets		635,986	373,556
Current liabilities			
Trade payables	<i>11</i>	47,890	21,597
Other payables and accruals		55,202	58,570
Customers' deposit		507	507
Obligations under finance leases		156	305
Borrowing		37,517	37,479
Total current liabilities		141,272	118,458
Net current assets		206,979	15,699



		30 June	31 December
		2015	2014
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Non current liabilities			
Deferred tax liabilities		8,055	8,055
Obligations under finance leases		698	698
Derivative liability	<i>12</i>	50,746	–
Convertible bonds	<i>12</i>	58,847	–
		<hr/>	<hr/>
Total non-current liabilities		118,346	8,753
		<hr/>	<hr/>
Total liabilities		259,618	127,211
		<hr/>	<hr/>
NET ASSETS		376,368	246,345
		<hr/> <hr/>	<hr/> <hr/>
Equity			
Share capital	<i>13</i>	58,181	51,306
Reserves		309,940	186,030
		<hr/>	<hr/>
Equity attributable to owners			
of the Company		368,121	237,336
		<hr/>	<hr/>
Non-controlling interests		8,247	9,009
		<hr/>	<hr/>
TOTAL EQUITY		376,368	246,345
		<hr/> <hr/>	<hr/> <hr/>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the Company									
	Share capital	Share premium account	Convertible bonds reserve	Employee compensation reserve	Statutory surplus reserve	Available-for-sale financial assets reserve	Exchange translation reserve	Accumulated losses	Non-controlling interests	Total equity
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
Balance at 1 January 2014	30,180	443,564	17,922	-	5,110	1,564	81,656	(365,918)	33,905	247,983
Loss for the period	-	-	-	-	-	-	-	(19,103)	(212)	(19,315)
Other comprehensive income	-	-	-	-	-	-	(7,419)	-	-	(7,419)
Total comprehensive income	-	-	-	-	-	-	(7,419)	(19,103)	(212)	(26,734)
Issue of Rights Shares, net of expenses	15,090	34,834	-	-	-	-	-	-	-	49,924
Acquisition of equity interest of subsidiary	-	-	-	-	-	-	-	-	3,834	3,834
Balance at 30 June 2014	<u>45,270</u>	<u>478,398</u>	<u>17,922</u>	<u>-</u>	<u>5,110</u>	<u>1,564</u>	<u>74,237</u>	<u>(385,021)</u>	<u>37,527</u>	<u>275,007</u>

	Equity attributable to owners of the Company									
	Share capital	Share premium account	Convertible bonds reserve	Employee compensation reserve	Statutory surplus reserve	Available-for-sale financial assets reserve	Exchange translation reserve	Accumulated losses	Non-controlling interests	Total equity
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
Balance at 1 January 2015	51,306	510,993	-	-	5,179	-	64,528	(394,670)	9,009	246,345
Loss for the period	-	-	-	-	-	-	-	(22,845)	(767)	(23,612)
Other comprehensive income	-	-	-	-	-	-	(1,993)	-	5	(1,988)
Total comprehensive income	-	-	-	-	-	-	(1,993)	(22,845)	(762)	(25,600)
Recognition of equity-settled share based compensation	-	-	-	2,699	-	-	-	24	-	2,723
Subscription of shares	6,875	146,025	-	-	-	-	-	-	-	152,900
Balance at 30 June 2015	<u>58,181</u>	<u>657,018</u>	<u>-</u>	<u>2,699</u>	<u>5,179</u>	<u>-</u>	<u>62,535</u>	<u>(417,491)</u>	<u>8,247</u>	<u>376,368</u>



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June 2015 <i>HK\$'000</i>	Six months ended 30 June 2014 <i>HK\$'000</i>
Net cash used in operating activities	(16,614)	(3,274)
Net cash used in investing activities	(52,158)	(24,983)
Net cash generated from financing activities	192,892	49,924
Net increase in cash and cash equivalents	124,120	21,667
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	8,708	20,935
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	6	(414)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>132,834</u>	<u>42,188</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	<u>132,834</u>	<u>42,188</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

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 in Hong Kong. The Company's shares are listed on the GEM of the Stock Exchange.

The principal activity of the Company is investment holding. The Group engages in the manufacture and sale of Polyethylene pipes ("PE pipes") and transmission and distribution of natural gas which operates primarily in the PRC market.

The unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), Hong Kong Accounting Standards ("HKASs") and interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. The financial statements have been prepared under the historical cost convention except for certain financial instruments, which are measured at fair values.

The unaudited condensed 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.

The accounting policies adopted in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

In this reporting period, the Group had applied for the first time, a number of new HKFRSs issued by the HKICPA that are effective for accounting periods beginning on or after 1 January 2015. The adoption of the new HKFRSs has had no material effect on how the results and financial position for the current or prior accounting periods as prepared and presented.

2. TURNOVER

Turnover, which is also revenue, represents the net invoiced amounts received and receivable for sale of PE pipes and natural gas to customer. An analysis of the Group's turnover is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Sales of PE pipes	18,128	11,050	27,302	21,426
Transmission and distribution of natural gas	17,890	3,814	41,193	3,814
	<u>36,018</u>	<u>14,864</u>	<u>68,495</u>	<u>25,240</u>

3. OTHER INCOME AND GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Bank interest income	25	18	33	38
Gain on disposal of investments held for trading	3	-	3	-
Investment income from unlisted investment funds	-	-	-	-
Fair value loss on derivatives	(1,333)	-	(1,333)	-
Fair value loss on investments held for trading	(358)	(17)	(339)	(108)
Sundry income	325	206	507	274
	<u>(1,338)</u>	<u>207</u>	<u>(1,129)</u>	<u>204</u>

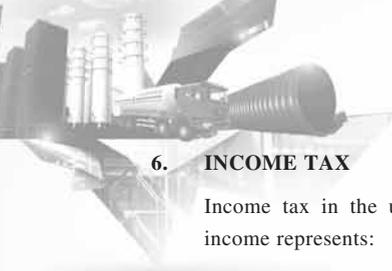
4. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Interest expenses on convertible bonds	588	–	588	–
Interest expenses on a short term bank loan	351	–	658	–
Interest expenses on borrowing	580	123	1,147	225
	<u>1,519</u>	<u>123</u>	<u>2,393</u>	<u>225</u>

5. LOSS BEFORE INCOME TAX

	Three months ended 30 June		Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Loss before income tax is arrived after charging:				
Minimum lease payments under operating lease charges in respect of land and buildings	967	402	1,705	892
Depreciation (<i>Note</i>)				
– Owned	4,361	3,534	8,364	6,988
– Held under finance leases	22	–	42	–
	<u>4,361</u>	<u>3,534</u>	<u>8,364</u>	<u>6,988</u>

Note: Depreciation charge included amount of HK\$2,316,000 and HK\$4,739,000 respectively for the three months and six months ended 30 June 2015 (three months and six months ended 30 June 2014: HK\$2,191,000 and HK\$4,384,000 respectively) recognised as cost of sales for the periods under review.



6. INCOME TAX

Income tax in the unaudited condensed consolidated statement of comprehensive income represents:

	Three months ended 30 June		Six months ended 30 June	
	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
Income tax for the period	-	-	-	-

No provision has been made for Hong Kong profits tax as the Group has no assessable profit arising from Hong Kong during the current and prior periods.

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, the Group's subsidiaries in the PRC are subject to enterprise income tax ("EIT") at the unified EIT rate of 25%.

7. DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

8. 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:

Three months ended 30 June		Six months ended 30 June	
2015	2014	2015	2014
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Loss:

Loss for the purposes of basic and diluted loss per share

11,023	9,488	22,845	19,103
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Three months ended 30 June		Six months ended 30 June	
2015	2014	2015	2014
'000	'000	'000	'000

Number of shares:

Weighted average number of ordinary shares for the purposes of basic and diluted loss per share

829,359	622,837	825,152	583,259
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As the convertible bonds and share options outstanding during the reporting periods had an anti-dilutive effect on the basic loss per share, the conversion of the above potential dilutive shares was not assumed in the calculation of the diluted loss per share in both reporting periods. Accordingly, the basic and diluted loss per share for the respective reporting periods are the same.

9. SEGMENT REPORTING

Business segment

For the six months ended 30 June 2015

	Manufacture and sale of PE pipes <i>HK\$'000</i> (Unaudited)	Transmission and distribution of natural gas <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue from external customers	27,302	41,193	68,495
Reportable segment loss	(3,499)	(795)	(4,294)
Reportable segment assets	226,856	104,293	331,149
Reportable segment liabilities	(33,079)	(51,001)	(84,080)
Other segment information:			
Interest income			33
Investment income from unlisted investment fund			-
Gain on disposal of investments held for trading			3
Fair value loss on derivatives			(1,333)
Fair value loss on investments held for trading			(339)
Finance costs			1,805
Depreciation	6,545	1,589	8,134
Unallocated depreciation			272
Total depreciation			8,406
Amortisation of land use rights	384	18	402
Additions to non-current assets	174	8,302	8,476
Unallocated additions to non-current assets			18
Total additions to non-current assets			8,494

For the six months ended 30 June 2014

	Manufacture and sale of PE pipes <i>HK\$'000</i> (Unaudited)	Transmission and distribution of natural gas <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue from external customers	21,426	3,814	25,240
Reportable segment loss	(10,298)	(968)	(11,266)
Reportable segment assets	227,318	50,951	278,269
Reportable segment liabilities	(20,709)	(35,357)	(56,066)
Other segment information:			
Interest income			38
Investment income from unlisted investment fund			–
Gain on disposal of investments held for trading			–
Fair value loss on derivatives			–
Fair value loss on investments held for trading			109
Finance costs			225
Depreciation	6,436	69	6,505
Unallocated depreciation			483
Total depreciation			6,988
Amortisation of land use rights	384	–	384
Additions to non-current assets	105	273	378
Unallocated additions to non-current assets			98
Total additions to non-current assets			476

10. TRADE RECEIVABLES

	30 June 2015	31 December 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables	78,571	77,070
Less: Provision for impairment	(31,399)	(31,368)
	<u>47,172</u>	<u>45,702</u>

- (a) The Group's trading terms from sales of PE pipes and composite materials with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month and can be extended to three months or more for major customers. For the business of transmission and distributions of natural gas, payment in advance is normally required and some customers are on credit terms within 30 days. The Group sets a maximum credit limit for each customer and seeks to maintain strict control over its outstanding receivables. The sales department and the management of the responsible department for the sales together perform the credit control function to minimise credit risk. Overdue balances are reviewed and followed up regularly by senior management.
- (b) The below table reconciled the provision for impairment loss of trade receivables for the period:

	30 June 2015	31 December 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
At beginning of the period/year	31,368	27,835
Impairment loss recognised	–	4,218
Exchange realignment	31	(685)
	<u>31,399</u>	<u>31,368</u>

At 30 June 2015, the Group's trade receivables of HK\$31,399,000 were individually determined to be impaired. The individually impaired receivables related to debts for which management has experienced prolonged delay in settlement and assessed to be irrecoverable.

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

	30 June 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
Within 30 days	16,439	14,668
31 – 60 days	5,044	3,525
61 – 90 days	856	1,477
Over 90 days	24,833	26,032
	<hr/> 47,172 <hr/> <hr/>	<hr/> 45,702 <hr/> <hr/>

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

	30 June 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
Not past due	9,473	21,131
Less than 31 days past due	5,605	9,531
31 – 60 days past due	7,090	3,615
61 – 90 days past due	4,879	363
Over 90 days but less than 1 year past due	17,892	2,715
More than 1 year due	2,233	8,347
	<hr/> 37,699 <hr/> <hr/>	<hr/> 24,571 <hr/> <hr/>
	<hr/> 47,172 <hr/> <hr/>	<hr/> 45,702 <hr/> <hr/>

11. TRADE PAYABLES

An aging analysis of trade payables, based on the invoice date, is as follows:

	30 June 2015	31 December 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within 30 days	5,549	5,338
31 – 60 days	1,044	3,183
61 – 90 days	4,986	41
Over 90 days	36,311	13,035
	<hr/>	<hr/>
	47,890	21,597
	<hr/> <hr/>	<hr/> <hr/>

12. CONVERTIBLE BONDS

On 17 February 2015, the Company entered into the conditional subscription agreement (the “CB Subscription Agreement”) with Golden Peak Minerals Limited (the “CB Subscriber”), pursuant to which the CB Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the five-year 4.5% coupon unlisted convertible bonds in principal amount of HK\$60,000,000 (the “Convertible Bonds”).

Based on the initial conversion price of HK\$1.00 (the “Conversion Price”) per conversion share, a maximum number of 60,000,000 conversion shares (the “Conversion Share(s)”) will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent: (i) approximately 7.31% of the issued share capital of the Company as at the date of the CB Subscription Agreement; and (ii) approximately 6.81% of the issued share capital of the Company as at the date of completion as to be enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds in full. The net proceeds of the subscription of approximately HK\$59,400,000 will be applied towards appropriate acquisition and investment opportunities of the Group and the considerations thereof and working capital of the Group.

The Convertible Bonds shall not be converted into conversion shares for the period from the date of issue of the Convertible Bonds to the date falling three years after the issue of the Convertible Bonds.

The Conversion Price is initially HK\$1.00 per Conversion Share, subject to adjustment for subdivision or consolidation of shares, rights issue, stock or cash distribution other than out of distributable profits of the Company, and other dilutive events (which are general anti-dilution adjustments).

The Convertible Bonds were issued on 8 May 2015.

The Convertible Bonds were valued according to the terms of the Convertible Bonds. The Convertible Bonds broke into three components – the Convertible Bonds, the derivative asset and derivative liability. Their respective values are as follows:

	The Group and the Company			
	Convertible bonds	Derivative asset	Derivative liability	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 8 May 2015	(59,048)	37,762	(38,714)	(60,000)
Issue costs	201	–	–	201
Fair value adjustments	–	10,699	(12,032)	(1,333)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2015	(58,847)	48,461	(50,746)	(61,132)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The above fair value of the derivative assets and derivative liability was calculate by reference to the trinomial tree method.

13. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.0625 each at 30 June 2015, 1 January 2015 and 31 December 2014	1,920,000	120,000
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.0625 each at 31 December 2014 and 1 January 2015	820,898	51,306
Subscription of shares	110,000	6,875
Ordinary shares of HK\$0.0625 each at 30 June 2015	930,898	58,181

14. OPERATING LEASE ARRANGEMENTS

The Group

The Group is the lessee in respect of certain of its office premises held under operating leases. The leases typically run for an initial period of one to three years at fixed rental. None of the leases includes contingent rentals.

At the end of reporting period, the Group had outstanding minimum commitments under non-cancellable operating leases, which fall due as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Within one year	2,850	1,836
After one year but within five years	4,335	733
More than 5 years	-	-
	7,185	2,569

15. CAPITAL COMMITMENTS

The Group

Capital commitments outstanding at the end of reporting period not provided for in the financial statements were as follows:

	30 June	31 December
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Purchase of property, plant and equipment contracted but not provided for	-	307
	<u> </u>	<u> </u>



MANAGEMENT DISCUSSION AND ANALYSIS

Business review and future outlook

Turnover of the Group for the six months ended 30 June 2015 increased when compared to the corresponding period in 2014. Such significant increase was mainly because the turnover of the Polyethylene pipes (“PE pipes”) business was sustained and the turnover of the natural gas business was not included in the Group in the first quarter of 2014. In the reporting period, the natural gas business contributed significant turnover to the Group. The board of directors (the “Board”) believes that turnover of the Group will be further improved with the new natural gas business and anticipated improvement of the PE pipes business. In turn, the result of the Group will be improved accordingly.

The business segment of the PE pipes has been the one of the core businesses of the Group during the period under review and continued as one of the main businesses of the Group in 2015. The PE pipes are products used for construction and city development in the People’s Republic of China (the “PRC”). The Group’s major customers are the government and public entities, or their suppliers, from different provinces and cities in the PRC. Due to low turnover and relatively high production fixed costs, the gross margin was not meeting target. However, with the anticipated higher turnover under continuous improvement of turnover and a strengthened customer portfolio, gross margin of the PE pipes business will definitely improve in the later part of 2015 and in the long term.

In view of the policy to use clean energy in the PRC, the prospect of natural gas business is very bright. Natural gas is now using for industrial, domestic and transportation purposes and it has a trend to replace ordinary energies like coal and petrol. With the acquisition of Fujian China Primary Energy Limited[#] (福建中基能源有限公司), Ningguo Ruide Natural Gas Company Limited[#] (寧國瑞德天然氣有限公司) and the formation of China Primary Blueprint (Shenzhen) Energy Limited[#] (中基藍印(深圳)能源有限公司) in the year of 2014, the natural gas business is heading towards the right direction. On the other hand, the acquisition of Wuhu Shengyuteng Natural Gas Pipeline Company Limited[#] (蕪湖盛譽騰天然氣管道有限公司) will be completed in 2015. As a result, the natural gas business is expanding and will become the most significant business of the Group in the near future.

In the meantime, the Board has been exploring possible investing opportunities to increase the Company's value.

Issue of the Convertible Bonds

On 17 February 2015, the Company entered into the conditional subscription agreement (the "CB Subscription Agreement") with Golden Peak Minerals Limited (the "CB Subscriber"), pursuant to which the CB Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the five-year 4.5% coupon unlisted convertible bonds in principal amount of HK\$60,000,000 (the "Convertible Bonds").

Based on the initial conversion price of HK\$1.00 (the "Conversion Price") per conversion share, a maximum number of 60,000,000 conversion shares (the "Conversion Share(s)") will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent: (i) approximately 7.31% of the issued share capital of the Company as at the date of the CB Subscription Agreement; and (ii) approximately 6.81% of the issued share capital of the Company as at the date of completion as to be enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds in full. The net proceeds of the subscription of approximately HK\$59,400,000 will be applied towards appropriate acquisition and investment opportunities of the Group and the considerations thereof and working capital of the Group.

The Convertible Bonds shall not be converted into conversion shares for the period from the date of issue of the Convertible Bonds to the date falling three years after the issue of the Convertible Bonds.

The Conversion Price is initially HK\$1.00 per Conversion Share, subject to adjustment for subdivision or consolidation of shares, rights issue, stock or cash distribution other than out of distributable profits of the Company, and other dilutive events (which are general anti-dilution adjustments).

Details are set out in the announcements dated 17 February 2015 and 8 April 2015 and the circular dated 11 March 2015 of the Company.

The Convertible Bonds were issued on 8 May 2015.



Grant of share options

On 10 April 2015, the Board had resolved to grant share options (the “Share Options”) to certain individuals (the “Grantees”) to subscribe for a total of 81,720,000 ordinary shares of HK\$0.0625 each (with exercise price of HK\$0.87 per share) in the share capital of the Company under the share option scheme adopted by the Company on 8 May 2012.

Details are set out in the announcement dated 10 April 2015 of the Company.

Subscription of new shares

On 9 June 2015, the Company entered into the subscription agreement (the “Shares Subscription Agreement”) with Ultra Vantage Holdings Limited (the “Shares Subscriber”), pursuant to which the Shares Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 110,000,000 new Shares (the “Subscription Share(s)”) at the subscription price of HK\$1.39 per Subscription Share (the “Shares Subscription”).

By entering into the Shares Subscription Agreement, the Group can enhance its working capital and strengthen the assets and financial position for future development and operation of the Group. Furthermore, the Shares Subscription will bring in new shareholder and will broaden the shareholder base of the Company.

The gross proceeds of the Shares Subscription are approximately HK\$152.9 million.

The completion of the Shares Subscription has taken place on 24 June 2015 pursuant to the terms of the Shares Subscription Agreement and all the 110,000,000 Subscription Shares have been issued and allotted to the Shares Subscriber in accordance with the terms and conditions of the Shares Subscription Agreement.

Details are set out in the announcements dated 9 June 2015 and 24 June 2015 of the Company.

Financial review

Turnover was approximately HK\$68,495,000 for the six months ended 30 June 2015, which represented an increase of approximately 171% when compared with approximately HK\$25,240,000 in the corresponding period of last year. The Board believes that turnover of the Group will be further improved with the new natural gas business and anticipated improvement of the PE pipes business.

For the six months ended 30 June 2015, unaudited loss before income tax was approximately HK\$23,612,000 (six months ended 30 June 2014: loss of approximately HK\$19,315,000). The loss attributable to owners of the Company was approximately HK\$22,845,000 (six months ended 30 June 2014: loss of approximately HK\$19,103,000). 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 of the Company.

Liquidity and financial resources

As at 30 June 2015, the Directors anticipated that the Group has adequate financial resources to meet its ongoing operations and future development.

Employee information

As at 30 June 2015, the Group has 6 full-time employees working in Hong Kong and 257 full-time employees working in the PRC respectively. The total of employee remuneration, including remuneration of the Directors, for the six months ended 30 June 2015 amounted to approximately HK\$13,976,000. The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

Capital structure

The ordinary shares of the Company were listed on the GEM of the Stock Exchange on 13 December 2001. There has been no change in the capital structure of the Company during the period under review.



Significant investments

Save as disclosed above, for the period under review, the Group had no other significant investments.

Material acquisition and disposals of subsidiaries and affiliated companies/ future plans for material investments

Save as disclosed above, the Group did not have any material acquisition and disposal of subsidiaries and affiliated companies during the six months ended 30 June 2015.

Segment information

Details have been set out in note 9 under “Notes to the unaudited condensed consolidated financial statements” and further elaborated under “Business review and future outlook” of this section.

Charge on group assets and contingent liabilities

During the period under review, save as disclosed above, the Group did not have any significant contingent liabilities and no assets of the Group were pledged (six months ended 30 June 2014: Nil).

Gearing ratio

As at 30 June 2015, current assets of the Group amounted to approximately HK\$348,251,000 which included cash of approximately HK\$4,041,000 and approximately RMB102,989,000, while current liabilities stood at approximately HK\$141,272,000 which included borrowings of approximately HK\$37,517,000. Equity attributable to owners of the Company amounted to approximately HK\$368,121,000. In this regard, the Group was in a net assets position and the gearing ratio was nil as there were excess cash over borrowings as at 30 June 2015.

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 deposit 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. With the anticipated stability of RMB, the Group’s foreign currency exposure was minimal for the period under review, except for certain material purchases. 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.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2015, 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 930,897,672 ordinary shares in issue as at 30 June 2015.

(i) Long position in the ordinary shares of HK\$0.0625 each in the Company as at 30 June 2015:

Name of Director	Number of ordinary shares held		Approximate percentage of interests
	Type of interests	Number of ordinary shares	
Ms. Ma Zheng	Beneficial	347,761,632	37.36%

(ii) Long position in the underlying shares or debentures of the Company as at 30 June 2015:

Name of Directors	Type of interests	Description of securities	Number of underlying shares	Approximate percentage of interests
Ms. Ma Zheng	Beneficial	Share Options (Note)	820,000	0.09%
Mr. Wong Pui Yiu	Beneficial	Share Options (Note)	3,500,000	0.38%
Mr. Wan Tze Fan Terence	Beneficial	Share Options (Note)	700,000	0.08%
Mr. Chung Chin Keung	Beneficial	Share Options (Note)	700,000	0.08%
Mr. Wang Xiao Bing	Beneficial	Share Options (Note)	700,000	0.08%

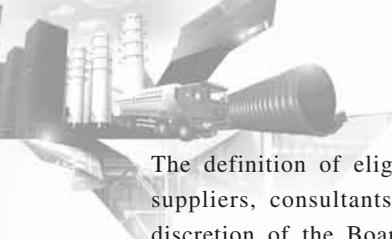
Note: On 10 April 2015, a total of 6,420,000 Share Options were granted to Directors as to 820,000 Share Options to Ms. Ma Zheng, as to 3,500,000 Share Options to Mr. Wong Pui Yiu, as to 700,000 Share Options to Mr. Wan Tze Fan Terence, as to 700,000 Share Options to Mr. Chung Chin Keung and as to 700,000 Share Options to Mr. Wang Xiao Bing. For further details of the Share Options granted, please refer to the announcement dated 10 April 2015 of the Company and under the heading “Share Option” below.

Save as disclosed above, as at 30 June 2015, 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

On 8 May 2012, a new share option scheme (the “Share Option Scheme”) was adopted by the shareholders of the Company. 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. 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 date on which the scheme becomes unconditional.

The Share Option Scheme was adopted by the shareholders of the Company at the annual general meeting of the Company held on 8 May 2012.



The definition of eligible person in the Share Option Scheme include 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.

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.

On 10 April 2015, share options of 81,720,000 were granted by the Company to certain individuals at exercise price HK\$0.87 per share.

Details of the Share Options granted by the Company under the Share Option Scheme to eligible persons and movement in such holding during the period are as follows:

Name or category of participant	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options				
				As at 1 January 2015	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	As at 30 June 2015
Directors								
Ms. Ma Zheng	10 April 2015	1 April 2018 – 7 May 2022	0.87	-	820,000	-	-	820,000
Mr. Wong Pui Yiu	10 April 2015	1 April 2018 – 7 May 2022	0.87	-	3,500,000	-	-	3,500,000
Mr. Wan Tze Fan Terence	10 April 2015	1 April 2018 – 7 May 2022	0.87	-	700,000	-	-	700,000
Mr. Chung Chin Keung	10 April 2015	1 April 2018 – 7 May 2022	0.87	-	700,000	-	-	700,000
Mr. Wang Xiao Bing	10 April 2015	1 April 2018 – 7 May 2022	0.87	-	700,000	-	-	700,000
Sub-total				-	6,420,000	-	-	6,420,000
Others								
Employees	10 April 2015	1 April 2018 – 7 May 2022	0.87	-	75,300,000	-	2,100,000	73,200,000
Sub-total				-	75,300,000	-	2,100,000	73,200,000
Total				-	81,720,000	-	2,100,000	79,620,000



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 30 June 2015, 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 interest set out below is based on 930,897,672 ordinary shares in issue as at 30 June 2015.

(i) *Long position in the ordinary shares of HK\$0.0625 each in the Company as at 30 June 2015:*

Name of shareholders	Type of interests	Number of shares held	Approximate percentage of interests
Ms. Guo Xiuqin	Corporate	122,177,678	13.12%
Tung Shing Energy Investment Limited	Corporate	122,177,678	13.12%
Excel Sino Investments Limited	Beneficial (Note 1)	122,177,678	13.12%
Mr. Ji Shengzhi	Corporate	110,000,000	11.82%
Ms. Lu Ke	Corporate	110,000,000	11.82%
Ultra Vantage Holdings Limited	Beneficial (Note 2)	110,000,000	11.82%

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.

(ii) *Long position in the underlying shares or debentures of the Company as at 30 June 2015:*

Name	Type of interests	Description of derivatives	Number of underlying shares	Approximate percentage of interests
Golden Peak Minerals Limited	Beneficial	Convertible Bonds in the principal amount of HK\$60,000,000 <i>(Note)</i>	60,000,000	6.45%



Note:

On 17 February 2015, the Company entered into the conditional subscription agreement (the “CB Subscription Agreement”) with Golden Peak Minerals Limited (the “CB Subscriber”), pursuant to which the CB Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the five-year 4.5% coupon unlisted convertible bonds in principal amount of HK\$60,000,000 (the “Convertible Bonds”). Golden Peak Minerals Limited is wholly-owned by Mr. He Xiaoyang, independent third party. Details are set out in the announcements dated 17 February 2015 and 8 April 2015, the circular dated 11 March 2015 of the Company and under the heading “Issue of the Convertible Bonds” above.

The Convertible Bonds were issued on 8 May 2015.

Save as disclosed above, as at 30 June 2015, 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 period 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.

COMPETITION AND CONFLICT OF INTERESTS

During the period under review, none of the Directors, significant shareholders, substantial shareholders and any of their respective associates had been engaged in any business that competed or might compete directly or indirectly, with the business of the Group, or had or might have any other conflicts of interest with the Group.

AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. 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 auditors’ independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; and (iii) review the financial statements and the quarterly, interim and annual reports of the Group. During the period under review, the Audit Committee comprises three members, Mr. Wan Tze Fan Terence, Mr. Chung Chin Keung and Mr. Wang Xiao Bing who are the independent non-executive Directors of the Company. The Audit Committee has reviewed the Group’s unaudited results for the three months and six months ended 30 June 2015 and has provided advice and comments thereon.

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 period under review, the Remuneration Committee comprises three members, Mr. Wan Tze Fan Terence, Mr. Chung Chin Keung and Mr. Wang Xiao Bing 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 period under review, the Nomination Committee comprises three members, Mr. Wan Tze Fan Terence, Mr. Chung Chin Keung and Mr. Wang Xiao Bing who are the independent non-executive Directors of the Company.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company had not redeemed any of its ordinary shares during the six months ended 30 June 2015. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company’s ordinary shares during the six months ended 30 June 2015.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company applied the principles and complied with the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules throughout the six months ended 30 June 2015 save for the followings.

Code Provision A.2.1

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

During the period under review, the Group still did not have an officer with the title of “Chief Executive” (the “CE”). The Code envisages that the management of the Board should rest on the Chairman, whereas the day-to-day management of the Company’s business should rest on the CE. Ms. Ma Zheng, the Chairman, is also the director of the Company’s subsidiaries in the PRC. This constitutes a deviation of Code Provision A.2.1. The Board still holds the view that this arrangement is appropriate for the Company but we do not compromise accountability and independent decision making for this since we have the Audit Committee, all members of which are independent non-executive Directors, to help to ensure the accountability and independence of Ms. Ma Zheng.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election.

During the period under review, the Company has three independent non-executive Directors, they are Mr. Wan Tze Fan Terence, Mr. Chung Chin Keung and Mr. Wang Xiao Bing. Except for Mr. Chung Chin Keung and Mr. Wang Xiao Bing who are appointed for a specific term of two years, Mr. Wan Tze Fan Terence is not appointed for specific terms. However, he is subject to retirement by rotation at least once every three years in accordance with the Company’s 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.



CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the six months ended 30 June 2015.

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

Hong Kong, 11 August 2015

The English translation of Chinese names or words in this report, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names and words.

As at the date of this report, the Board comprises Ms. MA Zheng and Mr. WONG Pui Yiu who are the executive Directors, and Mr. WAN Tze Fan Terence, Mr. CHUNG Chin Keung and Mr. WANG Xiao Bing who are the independent non-executive Directors.