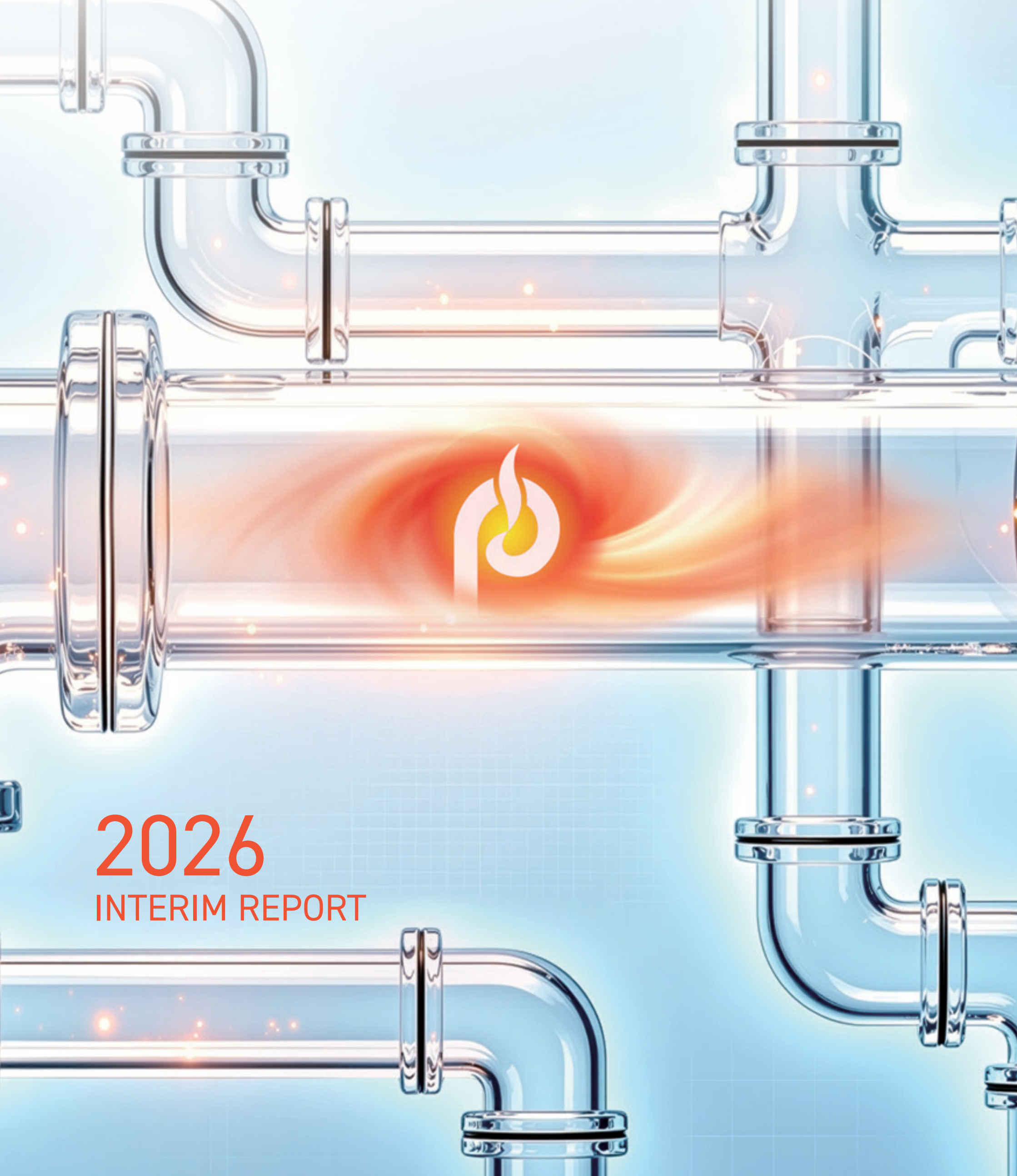
中國基礎能源控股有限公司

China Primary Energy Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8117)



2026

INTERIM REPORT

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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 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

Total revenue was approximately HK$112,360,000 for the six months ended 30 June 2026 (six months ended 30 June 2025: approximately HK$111,920,000), representing an increase of approximately 0.4% from the corresponding period of last year.

Loss attributable to owners of the Company amounted to approximately HK$8,396,000 (six months ended 30 June 2025: loss of approximately HK$8,348,000).

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: 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 2026 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 OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2026	2025
	Notes	***HK$'000***	*HK$'000*
Revenue	*2*	**112,360**	111,920
Other income and gains and losses	*3*	**784**	1,254
Changes in inventories of finished goods		**(82,083)**	(78,848)
Staff costs, including directors' remuneration		**(11,605)**	(11,741)
Depreciation		**(11,614)**	(9,670)
Other operating expenses	*5*	**(8,117)**	(12,054)
Finance costs	*4*	**(8,938)**	(8,829)
Loss before income tax	*5*	**(9,213)**	(7,968)
Income tax	*6*	**–**	–
Loss for the period		**(9,213)**	(7,968)
Attributable to:			
Owners of the Company		**(8,396)**	(8,348)
Non-controlling interests		**(817)**	380
Loss for the period		**(9,213)**	(7,968)

	Note	Six months ended 30 June 2026 HK$'000	2025 HK$'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**12,820**	8,944
Other comprehensive income for the period		**12,820**	8,944
Total comprehensive income for the period		**3,607**	976
Total comprehensive income attributable to:			
Owners of the Company		**2,647**	(683)
Non-controlling interests		**960**	1,659
		3,607	976
Loss per share	*8*		
– Basic and diluted		**HK$(0.008)**	HK$(0.008)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**458,885**	464,922
Investment properties		**192,920**	185,429
Goodwill		**16,045**	15,422
Prepayment for property, plant and equipment		**185**	178
Equity instruments measured at fair value through other comprehensive income ("FVTOCI")		**13,027**	13,027
Total non-current assets		**681,062**	678,978
Current assets			
Inventories		**3,556**	3,460
Trade receivables	*10*	**7,972**	11,499
Other receivables, deposits and prepayments		**21,537**	19,246
Investments held for trading		**110**	41
Cash and cash equivalents		**34,724**	86,468
Total current assets		**67,899**	120,714
Total assets		**748,961**	799,692
Current liabilities			
Trade payables	*11*	**9,039**	7,220
Contract liabilities, other payables and accruals		**37,168**	62,552
Lease liabilities		**948**	1,492
Bank borrowings	*12*	**125,912**	118,961
Tax payable		**9,378**	8,933
Total current liabilities		**182,445**	199,158
Net current liabilities		**(114,546)**	(78,444)

	Notes	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Non-current liabilities			
Other payables		**–**	5,327
Loans from a major shareholder		**84,892**	77,106
Deferred tax liabilities		**20,440**	19,613
Lease liabilities		**1,176**	1,141
Bank borrowings	*12*	**211,088**	252,034
Total non-current liabilities		**317,596**	355,221
Total liabilities		**500,041**	554,379
NET ASSETS		**248,920**	245,313
Equity			
Share capital	*13*	**63,999**	63,999
Reserves		**138,373**	135,726
Equity attributable to owners of the Company		**202,372**	199,725
Non-controlling interests		**46,548**	45,588
TOTAL EQUITY		**248,920**	245,313

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the Company									
	Share capital *HK$'000*	Share premium account *HK$'000*	Statutory surplus reserve *HK$'000*	Exchange translation reserve *HK$'000*	Property revaluation reserve *HK$'000*	Financial assets at FVTOCI reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 31 December 2024 and at 1 January 2025 (audited)	63,999	727,375	6,628	785	34,512	695	(615,390)	218,604	42,758	261,362
Loss for the period	–	–	–	–	–	–	(8,348)	(8,348)	380	(7,968)
Other comprehensive income:										
Exchange differences on translation of foreign operations	–	–	–	7,665	–	–	–	7,665	1,279	8,944
Total comprehensive income	–	–	–	7,665	–	–	(8,348)	(683)	1,659	976
Balance at 30 June 2025 (unaudited)	63,999	727,375	6,628	8,450	34,512	695	(623,738)	217,921	44,417	262,338

	Equity attributable to owners of the Company									
	Share capital ***HK$'000***	**Share premium account** ***HK$'000***	**Statutory surplus reserve** ***HK$'000***	**Exchange translation reserve** ***HK$'000***	**Property revaluation reserve** ***HK$'000***	**Financial assets at FVTOCI reserve** ***HK$'000***	**Accumulated losses** ***HK$'000***	**Total** ***HK$'000***	**Non-controlling interests** ***HK$'000***	**Total equity** ***HK$'000***
Balance at 31 December 2025 and at 1 January 2026 (audited)	**63,999**	**727,375**	**8,997**	**11,939**	**34,512**	**(2,150)**	**(644,947)**	**199,725**	**45,588**	**245,313**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(8,396)**	**(8,396)**	**(817)**	**(9,213)**
Other comprehensive income:										
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**11,043**	**-**	**-**	**-**	**11,043**	**1,777**	**12,820**
Total comprehensive income	**-**	**-**	**-**	**11,043**	**-**	**-**	**(8,396)**	**2,647**	**960**	**3,607**
Balance at 30 June 2026 (unaudited)	**63,999**	**727,375**	**8,997**	**22,982**	**34,512**	**(2,150)**	**(653,343)**	**202,372**	**46,548**	**248,920**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June 2026 *HK$'000*	Six months ended 30 June 2025 *HK$'000*
Net cash generated from operating activities	**(4,483)**	3,938
Net cash used in investing activities	**(3,941)**	8,300
Net cash used in financing activities	**(46,348)**	5,193
Net (decrease)/increase in cash and cash equivalents	**(54,772)**	17,431
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**86,468**	49,060
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**3,028**	1,329
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**34,724**	67,820
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	**34,724**	67,820

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 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 the GEM of the Stock Exchange.

The principal activity of the Company is investment holding. The Group engages in the transmission and distribution of natural gas, sales of heat and biomass gasification related products and property investment primarily in the People's Republic of China ("PRC").

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 2025.

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 2026. 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. REVENUE

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

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Recognised at point in time:		
Sale and distribution of natural gas	**77,185**	81,837
Sale of heat and biomass gasification related products	**20,131**	15,400
Recognised over time:		
Natural gas transmission services	**6,874**	7,463
Total revenue from contracts with customers	**104,190**	104,700
Revenue from other sources		
Gross rental income	**8,170**	7,220
	112,360	111,920

3. OTHER INCOME AND GAINS AND LOSSES

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank interest income	**37**	43
Sundry income	**678**	1,228
Fair value gain/(loss) on investments held for trading	**69**	(17)
	784	1,254

4. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings	**5,306**	6,034
Interest on loans from a major shareholder	**3,563**	2,625
Interest on lease liabilities	**69**	170
	8,938	8,829

5. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Six months ended 30 June 2026 HK$'000 (Unaudited)	2025 HK$'000 (Unaudited)
Depreciation of property, plant and equipment		
– owned	**10,358**	8,644
– right-of-use assets	**1,256**	1,026
	11,614	9,670
Items included in other operating expenses:		
Short-term lease expenses	**180**	270
Building management fees for self-used office premises	**36**	36
Investment property management fees	**1,733**	1,638
Entertainment and trip expenses	**1,012**	1,761
Legal and professional fees	**279**	436
Research and development expenses	**628**	1,063
Motor vehicle expenses	**685**	997
Other tax expenses	**1,867**	1,645

6. INCOME TAX

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Total 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 subsidiaries 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 Company's subsidiaries in the PRC are subject to enterprise income tax ("EIT") at the unified EIT rate of 25%.

7. DIVIDEND

The board of directors does not recommend the payment of any dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: 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:

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company	**(8,396)**	(8,348)

	Six months ended 30 June Number of shares	
	2026	2025
	'000	*'000*
Weighted average number of ordinary shares in issue	**1,023,987**	1,023,987

The computation of diluted loss per share for the six months ended 30 June 2026 and 2025 does not assume the exercise of the Company's outstanding share options during the periods since their exercise price exceeds average market price during 2026 and 2025.

Accordingly, the basic and diluted loss per share for the six months ended 30 June 2026 and 2025 are the same.

9. REPORTABLE SEGMENTS

For the six months ended 30 June 2026

	Sale and distribution of natural gas *HK$'000* (Unaudited)	Sales of heat and biomass gasification related products *HK$'000* (Unaudited)	Natural gas transmission services *HK$'000* (Unaudited)	Property investment *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Revenue from external customers	77,185	20,131	6,874	8,170	112,360
Reportable segment profit/(loss)	3,321	(597)	279	2,933	5,936
Reportable segment assets	106,463	109,151	261,576	223,606	700,796
Reportable segment liabilities	(109,696)	(40,728)	(202,410)	(33,514)	(386,348)
Other segment information:					
Bank interest income	9	3	23	1	36
Unallocated: corporate and others					1
Total bank interest income					37
Depreciation	(2,875)	(2,080)	(4,478)	(1,954)	(11,387)
Unallocated: corporate and others					(227)
Total depreciation					(11,614)
Additions to non-current assets	1,224	1,879	227	611	3,941

For the six months ended 30 June 2025

	Sale and distribution of natural gas *HK$'000* (Unaudited)	Sales of heat and biomass gasification related products *HK$'000* (Unaudited)	Natural gas transmission services *HK$'000* (Unaudited)	Property investment *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Revenue from external customers	81,837	15,400	7,463	7,220	111,920
Reportable segment profit	5,382	35	1,265	1,956	8,638
Reportable segment assets	104,828	103,974	275,080	215,845	699,727
Reportable segment liabilities	(137,354)	(28,069)	(222,206)	(49,718)	(437,347)
Other segment information:					
Bank interest income	8	1	33	1	43
Unallocated: corporate and others					–
Total bank interest income					43
Depreciation	(4,604)	(489)	(1,775)	(2,575)	(9,443)
Unallocated: corporate and others					(227)
Total depreciation					(9,670)
Additions to non-current assets	787	2,304	4,860	349	8,300

10. TRADE RECEIVABLES

	30 June 2026 *HK$'000* **(Unaudited)**	31 December 2025 *HK$'000* (Audited)
Trade receivables	**14,787**	18,050
Less: provision for impairment	**(6,815)**	(6,551)
	7,972	11,499
Bills receivables	**–**	–
	7,972	11,499

(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.

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

	30 June 2026 *HK$'000* **(Unaudited)**	31 December 2025 *HK$'000* (Audited)
At beginning of the period/year	**6,551**	5,826
Impairment loss	**–**	471
Exchange realignment	**264**	254
At end of the period/year	**6,815**	6,551

(c) An ageing 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 2026 *HK$'000* **(Unaudited)**	31 December 2025 *HK$'000* (Audited)
Within 30 days	**5,941**	9,851
31 – 60 days	**230**	1,184
61 – 90 days	**249**	38
Over 90 days	**1,552**	426
	7,972	11,499

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

	30 June 2026 *HK$'000* **(Unaudited)**	31 December 2025 *HK$'000* (Audited)
Not past due	**5,724**	9,700
Less than 31 days past due	**442**	256
31 – 60 days past due	**254**	1,117
61 – 90 days past due	**198**	123
Over 90 days but less than 1 year past due	**1,291**	303
More than 1 year past due	**63**	–
	2,248	1,799
	7,972	11,499

11. TRADE PAYABLES

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

	30 June 2026 *HK$'000* **(Unaudited)**	31 December 2025 *HK$'000* (Audited)
Within 30 days	**1,740**	5,120
31 – 60 days	**1,652**	–
61 – 90 days	**304**	–
Over 90 days	**5,343**	2,100
	9,039	7,220

12. BANK BORROWINGS AND LOAN FACILITIES

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

	30 June 2026 *HK$'000* **(Unaudited)**	31 December 2025 *HK$'000* (Audited)
Current		
– secured bank term loans	**100,590**	100,168
– secured bank revolving loans	**9,230**	8,871
– unsecured bank loans	**16,092**	9,922
	125,912	118,961
Non-current		
– secured bank term loans	**211,088**	252,034
– secured bank revolving loans	**–**	–
	211,088	252,034
Total	**337,000**	370,995

The bank loans were secured by the following:

(i) Certain investment properties;

(ii) Certain property, plant and equipment;

(iii) Corporate guarantee by subsidiaries of the Company;

(iv) Corporate guarantee by a non-controlling shareholder;

(v) Corporate guarantees by certain independent third parties;

(vi) Legal charge over properties of Ms. Ma Zheng, a major shareholder and director of the Company; and

(vii) Personal guarantee by a director of a subsidiary, Mr. Wei Bu Ti.

As at 30 June 2026, the effective interest rate of the interest-bearing borrowing was 2.956% per annum (2025: 3.762% per annum).

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

The carrying amounts of the borrowings are denominated in RMB.

13. SHARE CAPITAL

	Number of Shares	**Amount**
	'000	*HK$'000*
Authorised:		
Ordinary shares of HK$0.0625 each at 31 December 2025, 1 January 2026 and 30 June 2026	1,920,000	120,000
Issued and fully paid:		
Ordinary shares of HK$0.0625 each at 31 December 2025, 1 January 2026 and 30 June 2026	1,023,987	63,999

14. 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:

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**12,530**	10,742
Later than one year and not later than two years	**8,866**	12,606
Later than two years and not later than three years	**6,182**	8,619
Later than three years and not later than four years	**970**	3,344
Later than four years and not later than five years	**804**	892
Over five years	**8,443**	9,809
	37,795	46,012

15. CAPITAL COMMITMENTS

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contracted for but not provided:		
– acquisition of property, plant and equipment	**19,137**	20,301

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FUTURE OUTLOOK

Financial performance

Total revenue of the Group for the six months ended 30 June 2026 experienced slight increase of 0.4% compared to the corresponding period in 2025. This indicates the revenue of the Group remains stable despite the global economic impact.

Economic and operation overview

The international economic landscape in the first half of 2026 was shaped by a sharp geopolitical shock and divergent recovery paths across major economies. The year began with expectations of moderate global recovery, but the escalation of the Middle East conflict in late February triggered an energy price surge that became the defining macroeconomic narrative of the period.

In the United States ("U.S."), the economy showed a notable shift in its growth composition. Investment – particularly in AI-related equipment – overtook consumer spending as the primary growth driver, with technology sector capital expenditure providing substantial support to GDP. Consumer spending displayed a K-shaped pattern, with high-income households continuing to spend while middle- and lower-income groups remained cautious. Inflation re-emerged as a concern amid energy price pressures from the Middle East conflict, prompting the Federal Reserve to maintain a firm stance on curbing price increases. The labor market showed mixed signals, with job growth falling short of expectations in the latter part of the half, though unemployment remained within a moderate range.

The Eurozone experienced a sharp slowdown in the first quarter – its first contraction since 2020 – followed by a modest rebound in the second quarter. The recovery was driven primarily by easing energy prices following a de-escalation of Middle East tensions from May onward, which helped restore business and consumer sentiment. Germany, the region's largest economy, exceeded expectations with second-quarter growth supported by stronger exports, although domestic consumption and investment remained subdued. The European Central Bank raised rates for the first time in three years to address surging inflation, which had spiked before moderating somewhat. Despite the second-quarter recovery, the region's full-year outlook remains subdued, as structural challenges in manufacturing and elevated energy costs continue to weigh on the economy.

In contrast, the People's Republic of China (the "PRC") demonstrated resilience amid external headwinds. The economy showed a clear pattern of "new economy driving growth", with high-tech manufacturing and new-economy sectors contributing substantially to overall economic expansion. Foreign trade was a standout performer, reaching record levels for the first half of 2026, with particularly strong growth in electronic components and computing hardware exports reflecting robust global AI-related demand. The labor market and price levels remained broadly stable. However, structural challenges persisted, including a sluggish property sector, cautious consumer spending, and ongoing U.S.-China trade tensions, with the effective U.S. tariff rate on Chinese goods reaching elevated levels.

Against this volatile backdrop, the Group's performance remained largely resilient. The Group's operations – particularly in natural gas transmission and distribution and property investment – rely primarily on domestic demand, insulating the business from direct and significant global economic impacts. China's natural gas market remained broadly stable in the first half of 2026 despite the sharp rise in international prices. Domestic production continued to grow steadily, while imports declined amid price pressures. Estimated consumption rose marginally, with steady growth in urban gas use and strong demand from LNG-powered heavy-duty trucks offsetting a decline in industrial consumption. The full-year outlook for the sector remains positive. Nevertheless, the Company will continue to monitor the geopolitical and economic situation closely and assess any potential effects on its operations and financial performance.

In light of the ongoing global uncertainties – ranging from trade policy volatility and geopolitical tensions to inflation concerns and energy market disruptions – the Board and management remain 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 that align with China's energy transition goals and the Group's core competencies, with a view to enhancing the Company's long-term value and ensuring sustainable growth in the years ahead.

Natural Gas Business: Core Operations

The natural gas business consisted of sale and distribution of natural gas and natural gas transmission services. It remains as the cornerstone of the Group's operations. During the period under review, 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 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 performance during the period under review. With strong demand for heat supply in the region, the Group anticipates this segment will increasingly generate revenue. The expansion and upgrade of factory continue and the construction will enable enlarged operations and drive revenue growth.

Property Investment Business

The property investment business in Yichang continued to provide stable cash flow for the Group during the period under review. 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 relevant agreement governing it on terms 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 2025 have not exceeded the annual cap amounts of RMB30,000,000 (equivalent to approximately HK$32,616,000).

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 2025:

(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 out in the relevant agreement.

Save as disclosed above, there is no related party transaction or continuing related party 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$112,360,000 for the six months ended 30 June 2026, which represented an increase of approximately 0.4% when compared with approximately HK$111,920,000 in the corresponding period of last year's total revenue. The Board believes that revenue of the Group will be improved with the growing of the clean energy business, especially the Yichang operation in 2026.

For the six months ended 30 June 2026, unaudited loss before income tax was approximately HK$9,213,000 (six months ended 30 June 2025: loss of approximately HK$7,968,000). The loss attributable to owners of the Company was approximately HK$8,396,000 (six months ended 30 June 2025: loss of approximately HK$8,348,000). The loss was slightly increased when compared to the corresponding period of last year but remain under control. 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, both political and economic, the global economy exhibited signs of continued adjustment in 2026. However, geopolitical tensions and the lingering effects of a 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 30 June 2026, the Directors anticipated that the Group has adequate financial resources to meet its ongoing operations and future development.

Funding activities

Save as disclosed above, the Company did not carry out any fund raising activities during the period under review.

Employee information

As at 30 June 2026, the Group has 9 full-time employees working in Hong Kong and 120 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 2026 amounted to approximately HK$11,605,000. The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

Capital structure

The ordinary shares of the Company were initially listed on the GEM of the Stock Exchange on 13 December 2001. As at 30 June 2026, the issued share capital of the Company was made up of 1,023,987,439 ordinary shares of HK$0.0625 each.

Significant investments

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

Material acquisition and disposal 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 2026.

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

As at 30 June 2026, 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.

Gearing ratio

As at 30 June 2026, current assets of the Group amounted to approximately HK$67,899,000 which included cash and bank balances of approximately HK$817,000 and approximately RMB29,390,000 (equivalent to HK$33,907,000), while current liabilities stood at approximately HK$182,445,000. The Group has borrowings of approximately HK$421,892,000. Equity attributable to owners of the Company amounted to approximately HK$202,372,000. In this regard, the Group was in a net assets position and had a gearing ratio of approximately 208% (borrowings to equity attributable to owners of the Company) as of 30 June 2026.

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. 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2026, 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 30 June 2026.

Long position in the ordinary shares of HK$0.0625 each in the Company as at 30 June 2026:

Name of Directors	Number of ordinary shares held 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 30 June 2026, 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.

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 account 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, i.e. it shall expire on 17 May 2032. A nominal value of HK$1.00 is payable on acceptance of each grant of share options.

The maximum number of Shares which may be issued in respect of all Options to be granted under the Share Option Scheme shall not exceed 102,398,743 Shares, which represents 10% of the Shares in issue as the Adoption Date unless the Company obtains a fresh approval from the Shareholders, and which represents 10% of the Shares in issue (excluding treasury shares (if any)) as at the date of this report. As no Options were granted by the Company, no Options were exercised during the six months ended 30 June 2026 and no Options were outstanding as at 30 June 2026, the number of Options available for grant under the Share Option Scheme at the beginning and the six months ended 30 June 2026 is 102,398,743.

According to the rules of the Share Option Scheme,

(a) an Option may be exercised in whole or in part at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an Option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme;

(b) there is no specified minimum period for which an Option must be held before it can be exercised;

(c) the total number of Shares to be issued upon exercise of the Options granted to each Eligible Participant in any twelve-month period up to the date of the grant shall not exceed 1% of the Shares in issue. Any proposed offer exceeding such limit must be conditional upon Shareholders' approval in general meeting with such Eligible Participant and its close associates abstaining from voting; and

(d) an offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Share Option duly signed by the Eligible Participant with the number of Shares in respect of which the offer is accepted stated therein, together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company within twenty-eight (28) days from the date of offer.

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 2026, 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 30 June 2026.

Long position in the ordinary shares of HK$0.0625 each in the Company as at 30 June 2026:

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.

Save as disclosed above, as at 30 June 2026, 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 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 and code provisions D.3.3 and D.3.7 of the Corporate Governance 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 auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; 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. Sung Ren Keh who are the independent non-executive Directors of the Company. The Audit Committee has reviewed the Group's unaudited results for the six months ended 30 June 2026 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. 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 period 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.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company had not redeemed any of its ordinary shares during the six months ended 30 June 2026. 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 2026.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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 GEM Listing Rules, with the exception of the following code provision for the six months ended 30 June 2026:

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.

During the period under review, the Company 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 with the Chairman, whereas the day-to-day management of the Company's business should rest with the CE. 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 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 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 2026.

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

Hong Kong, 18 August 2026

For identification only

As at the date of this report, the Board comprises Ms. MA Zheng and Mr. YUAN Geng who are the executive Directors, Mr. JI Jianghua who is the non-executive Director, and Mr. WAN Tze Fan Terence, Mr. CHUNG Chin Keung and Mr. SUNG Ren Keh who are the independent non-executive Directors.