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ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED

能源國際投資控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 353)

ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Energy International Investments Holdings Limited (the “**Company**”) set forth below the unaudited consolidated results (the “**Unaudited Results**”) of the Company and its subsidiaries (together referred to as the “**Group**”) for the fifteen months ended 31 March 2021, together with comparative figures for the year ended 31 December 2019. The Unaudited Results have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”). For the reasons explained in the paragraph headed “Review of Unaudited Results” in this announcement, the auditing process for the results of the Group for the fifteen months ended 31 March 2021 has not been completed.

CONSOLIDATED INCOME STATEMENT

For the fifteen months ended 31 March 2021

		Fifteen months ended 31 March 2021	Year ended 31 December 2019
	<i>Notes</i>	HK\$’000	HK\$’000
		(Unaudited)	(Audited)
Continuing operations			
Revenue	4	193,148	129,838
Cost of sales		(3,164)	(2,327)
Gross profit		189,984	127,511
Interest revenue	5(a)	15,339	10,870
Other income and other gains and losses, net	5(b)	(4,951)	18,144
Selling and distribution expenses		(8,099)	(9,654)
Administrative expenses		(52,814)	(42,097)
Fair value gain on investment properties		33,600	5,196
Loss on early redemption of promissory notes		(1,788)	(6,459)
Finance costs	7	(47,495)	(45,028)

* For identification purpose only

CONSOLIDATED INCOME STATEMENT

For the fifteen months ended 31 March 2021

		Fifteen months ended 31 March 2021	Year ended 31 December 2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Profit before income tax		123,776	58,483
Income tax expenses	8	<u>(36,723)</u>	<u>(23,124)</u>
Profit for the period/year from continuing operations	9	87,053	35,359
Discontinued operation			
Profit for the period/year from discontinued operation		<u>–</u>	<u>11,496</u>
Profit for the period/year	9	<u>87,053</u>	<u>46,855</u>
Attributable to:			
Owners of the Company			
– Profit from continuing operations		28,437	19,814
– Profit from discontinued operation		<u>–</u>	<u>11,496</u>
Profit attributable to owners of the Company		28,437	31,310
Non-controlling interests			
– Profit from continuing operations		<u>58,616</u>	<u>15,545</u>
Profit attributable to non-controlling interests		<u>58,616</u>	<u>15,545</u>
		<u>87,053</u>	<u>46,855</u>
		<i>HK cent</i>	<i>HK cent</i>
Earnings per share	11		
Basic			
– from continuing and discontinued operations		0.39	0.44
– from continuing operations		0.39	0.28
– from discontinued operation		<u>–</u>	<u>0.16</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the fifteen months ended 31 March 2021

	Fifteen months ended 31 March 2021 HK\$'000 (Unaudited)	Year ended 31 December 2019 HK\$'000 (Audited)
Profit for the period/year	87,053	46,855
Other comprehensive income/(expenses), net of tax		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating of financial statements of foreign operations	72,942	(16,422)
Release of exchange reserve upon disposal of subsidiaries	–	(10,327)
<i>Items that may not be reclassified subsequently to profit or loss:</i>		
Fair value change of equity instruments at fair value through other comprehensive income	<u>(16,886)</u>	<u>–</u>
Other comprehensive income/(expenses) for the period/year, net of tax	<u>56,056</u>	<u>(26,749)</u>
Total comprehensive income for the period/year	<u>143,109</u>	<u>20,106</u>
Attributable to:		
– Owners of the Company	66,273	5,521
– Non-controlling interests	<u>76,836</u>	<u>14,585</u>
	<u>143,109</u>	<u>20,106</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

		As at 31 March 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
	Notes		
Non-current assets			
Property, plant and equipment		1,715	4,470
Right-of-use assets		6,850	11,052
Investment properties	12	1,574,454	1,441,575
Investment in an associate		–	2,805
Equity instruments at fair value through other comprehensive income		222,412	226,060
Deposits and other receivables		26,945	93,196
		<u>1,832,376</u>	<u>1,779,158</u>
Current assets			
Trade receivables	13	15,981	–
Amount due from an associate		2,368	5,588
Prepayments, deposits and other receivables		363,189	95,968
Loan receivables		27,832	39,096
Financial assets at fair value through profit or loss		13,166	28,314
Cash and bank balances		13,680	125,352
		<u>436,216</u>	<u>294,318</u>
Current liabilities			
Other payables and accruals		162,599	204,882
Amounts due to non-controlling shareholders		–	3,817
Bank borrowings		55,639	177,012
Other borrowings		12,317	147,901
Lease liabilities		3,109	6,134
Convertible bonds		–	26,221
Promissory notes		12,279	17,734
		<u>245,943</u>	<u>583,701</u>
Net current assets/(liabilities)		<u>190,273</u>	<u>(289,383)</u>
Total assets less current liabilities		<u>2,022,649</u>	<u>1,489,775</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	As at 31 March 2021 <i>Notes</i> HK\$'000 (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
Non-current liabilities		
Amounts due to non-controlling shareholders	120,541	144,641
Bank borrowings	120,748	63,251
Other borrowings	10,652	10,479
Lease liabilities	6,105	7,523
Promissory notes	117,123	134,811
Defer tax liabilities	146,989	102,693
	<u>522,158</u>	<u>463,398</u>
NET ASSETS	<u>1,500,491</u>	<u>1,026,377</u>
Capital and reserves		
Share capital	720,563	544,484
Reserves	<u>126,953</u>	<u>243,150</u>
Equity attributable to owners of the Company	847,516	787,634
Non-controlling interests	<u>652,975</u>	<u>238,743</u>
TOTAL EQUITY	<u>1,500,491</u>	<u>1,026,377</u>

NOTES TO THE FINANCIAL STATEMENTS

For the fifteen months ended 31 March 2021

1. GENERAL INFORMATION

The Company is a limited liability company incorporated and domiciled in the Cayman Islands. 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 Units 4307-08, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

During the fifteen months ended 31 March 2021, the principal activities of the Group include:

- Oil and Liquefied Chemical Terminal representing the businesses of leasing of oil and liquefied chemical terminal, together with its storage and logistics facilities (the "**Port and Storage Facilities**"), and trading of oil and liquefied chemical products; and
- Insurance Brokerage Service representing the business of providing insurance brokerage service.

The financial statements have been prepared in accordance with HKFRSs which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements are presented in Hong Kong dollars ("**HK\$**"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("**HK\$'000**") unless otherwise stated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2020. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the period and prior years.

3. BASIS OF PREPARATION

Significant accounting policies that have been used in the preparation of these financial statements have been consistently applied to all the years presented unless otherwise stated. Certain comparative figures have been reclassified to conform to the current period's presentation. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Group.

The financial statements have been prepared under historical cost convention, except for investment properties and financial assets at fair value through profit or loss, which are measured at fair value.

(a) Change of financial year end date

Pursuant to a resolution of the Board dated 30 December 2020, the Company's financial year end date has been changed from 31 December to 31 March. These Unaudited Results covered a fifteen months period from 1 January 2020 to 31 March 2021. Accordingly, the comparative figures presented for the consolidated income statement, statement of comprehensive income and related notes, which were prepared for the year ended 31 December 2019, are not comparable with those of the current period.

(b) Loss of controls over assets of Qinghai Forest Source Mining Industry Developing Company Limited ("QHFSMI") and Inner Mongolia Forest Source Mining Industry Developing Company Limited ("IMFSMI") and de-consolidating QHFSMI and IMFSMI

Ms. Leung Lai Ching ("Ms. Leung")'s legal status as director and legal representative in QHFSMI and IMFSMI remained unchanged in the absence of her cooperation

Ms. Leung was a director and legal representative of both QHFSMI and IMFSMI. In September 2009, the sole shareholder of QHFSMI and IMFSMI (i.e. a wholly-owned subsidiary of the Company) resolved to remove Ms. Leung's capacity as director and legal representative of both QHFSMI and IMFSMI with immediate effect. However, the respective members of the board of directors and legal representative of QHFSMI and IMFSMI were not officially changed up to the date of this announcement as Ms. Leung, being the legal representative, was not cooperative and failed to provide the requested documents and corporate seals.

Transfer of exploration licence without the Company's knowledge, consent or approval

The Group acquired QHFSMI from Ms. Leung in 2007. QHFSMI was the holder of an exploration licence, which conferred QHFSMI the rights to conduct exploration work for the mineral resources in the titanium mine at Xiao Hong Shan in Inner Mongolia, the People's Republic of China (the "PRC"). In 2010, the Board discovered that the exploration licence held by QHFSMI was transferred to a company known as 內蒙古小紅山源森礦業有限公司 (in English, for identification purpose only, Inner Mongolia Xiao Hong Shan Yuen Xian Mining Industry Company Limited) ("Yuen Xian Company") at a consideration of RMB8,000,000 (the "Change of Exploration Right Agreement") without the Company's knowledge, consent or approval. Ms. Leung is one of the directors and the legal representative of Yuen Xian Company. Without the exploration licence, QHFSMI no longer had the rights to, among other things, carry out exploration of the mineral resources of the titanium mine, access to the titanium mine and neighbouring areas and has no priority in obtaining the mining rights of the titanium mine.

Final decision on the Change of Exploration Right Agreement

As soon as the Group had discovered the loss of QHFSMI's exploration licence, the Group commenced the legal proceedings against Ms. Leung for getting back the exploration licence. In March 2016, the Company received the final decision letter from the Qinghai Procuratorate that the Change of Exploration Right Agreement was invalid. As Yuen Xian Company had already obtained the mining licence on the titanium mine at Xiao Hong Shan in Inner Mongolia, the PRC, the Group is now seeking for the legal advices to resolve this matter.

De-consolidating QHFSMI and IMFSMI

Given that (i) the discovery of the loss of significant assets of QHFSMI; (ii) Ms. Leung's legal status as director and legal representative in QHFSMI and IMFSMI remained unchanged; and (iii) the Group was unable to obtain the financial information of QHFSMI and IMFSMI, the Directors considered that the Group had no power over QHFSMI and IMFSMI, exposure, or rights, to variable returns from QHFSMI and IMFSMI and the ability to use its power to affect those variable returns. The Group appointed the PRC lawyers to handle the matters in regaining its controlling power over QHFSMI and IMFSMI. In the opinion of the Directors, the aforesaid legal proceedings have no material impact on the financial position and operations of the Group as the Group is still in the process of regaining the controlling power over QHFSMI and IMFSMI which had already been de-consolidated since 2010.

4. REVENUE

	Fifteen months ended 31 March 2021 HK\$'000 (Unaudited)	Year ended 31 December 2019 HK\$'000 (Audited)
Revenue from contracts with customers:		
Agency income from insurance brokerage service (continuing operations)	14	8
Income from trading of oil and liquefied chemical products (continuing operations)	526	—
Sale of crude oil (discontinued operation)	—	16,436
	540	16,444
Revenue from other sources:		
Rental income from investment properties (continuing operations)	192,608	129,830
Total revenue	193,148	146,274
Representing:		
Continuing operations	193,148	129,838
Discontinued operation	—	16,436
	193,148	146,274

Notes:

Agency income from insurance brokerage service is recognised at point in time as contracts are signed with the ultimate customers.

Income from trading of oil and liquified chemical products represents that the Group sell oil and liquified chemical products to customers recognised on a net basis with the amount of HK\$526,000 for the fifteen months ended 31 March 2021 (for the year ended 31 December 2019: Nil).

Sale of crude oil was recognised at point in time when there is evidence that the control of crude oil has been transferred to the customer, the customer has adequate control over crude oil and the Group has no unfulfilled obligations that affect customer accepting the crude oil.

For the fifteen months ended 31 March 2021 and the year ended 31 December 2019, all revenue from contracts with customers is recognised at a point in time.

5. INTEREST REVENUE AND OTHER INCOME AND OTHER GAINS AND LOSSES, NET

(a) Interest revenue

	Fifteen months ended 31 March 2021 HK\$'000 (Unaudited)	Year ended 31 December 2019 HK\$'000 (Audited)
Continuing operations		
Bank interest income	93	39
Loan interest income	1,449	10,831
Other interest income	13,797	–
	<u>15,339</u>	<u>10,870</u>
Discontinued operation		
Bank interest income	–	1
	<u>–</u>	<u>1</u>
	<u><u>15,339</u></u>	<u><u>10,871</u></u>

(b) Other income and other gains and losses, net

	Fifteen months ended 31 March 2021 HK\$'000 (Unaudited)	Year ended 31 December 2019 HK\$'000 (Audited)
Continuing operations		
Fair value (loss)/gain on financial assets at fair value through profit of loss	(14,991)	15,992
Loss on disposal of property, plant and equipment	(445)	–
(Loss)/gain on disposal of financial assets at fair value through profit or loss	(14)	2,460
Fair value loss on promissory notes	(5,139)	–
Rental income from sub-letting of leased assets	132	487
Government grants	366	–
Exchange gain/(loss), net	13,454	(982)
Service income	1,085	–
Sundry income	601	187
	<u>(4,951)</u>	<u>18,144</u>
Discontinued operation		
Sundry income	–	17
	<u>(4,951)</u>	<u>18,161</u>

6. SEGMENT INFORMATION

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to management of the Group for their decisions about resources allocation to the Group's business components and review of these components' performance. The business components in the internal reporting to management of the Group are determined based on the Group's major product and service lines. The Group has identified the following reportable segments:

- the Oil and Liquefied Chemical Terminal segment represents the businesses of the leasing of the Port and Storage Facilities and the trading of oil and liquefied chemical products;
- the Insurance Brokerage Service segment represents the business of providing insurance brokerage service; and
- the Oil Production segment represented the business of oil production. This segment was discontinued during the year ended 31 December 2019.

There was no inter-segment sale and transfer during the fifteen months ended 31 March 2021 and the year ended 31 December 2019.

Customers from Oil and Liquefied Chemical Terminal and Oil Production segments are located in the PRC whereas customers from Insurance Brokerage Service segment are located in Hong Kong. Geographical location of customers is based on the location at which the goods are delivered and the contracts are negotiated and entered into with the customers. No geographical location of non-current assets is presented as substantial non-current assets are physically based in the PRC.

Information about reportable segment profit or loss, assets and liabilities:

	Continuing operations		Discontinued operation	
	Oil and Liquefied Chemical Terminal HK\$'000	Insurance Brokerage Service HK\$'000	Oil Production HK\$'000	Total HK\$'000
For the fifteen months ended 31 March 2021 (Unaudited)				
Revenue from external customers	193,134	14	–	193,148
Segment profit/(loss)	194,584	(535)	–	194,049
Interest revenue	1,469	–	–	1,469
Depreciation of property, plant and equipment	(790)	(5)	–	(795)
Depreciation of right-of-use assets	(506)	(27)	–	(533)
Fair value gain of investment properties	33,600	–	–	33,600
Additions to segment non-current assets	12,641	–	–	12,641
As at 31 March 2021 (Unaudited)				
Segment assets	1,740,278	332	–	1,740,610
Segment liabilities	(596,440)	(2)	–	(596,442)
For year ended 31 December 2019 (Audited)				
Revenue from external customers	129,830	8	16,436	146,274
Segment profit/(loss)	110,045	(2,044)	2,622	110,623
Interest revenue	–	–	1	1
Depreciation of property, plant and equipment	(765)	(5)	(86)	(856)
Depreciation of right-of-use assets	(571)	(372)	(264)	(1,207)
Amortisation of intangible assets	–	–	(287)	(287)
Fair value gain of investment properties	5,196	–	–	5,196
Additions to segment non-current assets	41,182	–	–	41,182
As at 31 December 2019 (Audited)				
Segment assets	1,597,492	489	–	1,597,981
Segment liabilities	(803,259)	(56)	–	(803,315)

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

Revenue

No reconciliation of reportable and operating segment revenue is provided as the total revenue for reportable and operating segments is the same as Group's revenue.

Profit or loss

	Fifteen months ended 31 March 2021 HK\$'000 (Unaudited)	Year ended 31 December 2019 HK\$'000 (Audited)
Total profit of reportable segments	194,049	110,623
Finance costs	(47,495)	(45,028)
Unallocated amounts:		
Other corporate income	29,053	28,341
Other corporate expenses	(51,831)	(32,831)
Elimination of profit for the period/year from discontinued operation	—	(2,622)
Consolidated profit before income tax for the period/year	<u>123,776</u>	<u>58,483</u>

Assets

	31 March 2021 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Reportable segment assets	1,740,610	1,597,981
Property, plant and equipment	848	2,345
Cash and bank balances	5,141	47,736
Equity instruments at fair value through other comprehensive income	222,412	226,060
Other corporate assets (<i>note</i>)	<u>299,581</u>	<u>199,354</u>
Consolidated total assets	<u>2,268,592</u>	<u>2,073,476</u>

Note:

Other corporate assets mainly included unallocated financial assets at fair value through profit or loss, loan receivables and deposits.

Liabilities

	31 March 2021 <i>HK\$'000</i> (Unaudited)	31 December 2019 <i>HK\$'000</i> (Audited)
Reportable segment liabilities	596,442	803,315
Convertible bonds	–	26,221
Promissory notes	129,402	152,545
Other corporate liabilities	42,257	65,018
	<u>768,101</u>	<u>1,047,099</u>
Consolidated total liabilities	<u>768,101</u>	<u>1,047,099</u>
Revenue from major customers:		
	Fifteen months ended 31 March 2021 <i>HK\$'000</i> (Unaudited)	Year ended 31 December 2019 <i>HK\$'000</i> (Audited)
Customer A (derived from Oil and Liquefied Chemical Terminal segment)	192,608	129,830
Customer B (derived from Oil Production segment)	–	16,436
	<u>192,608</u>	<u>146,266</u>

7. FINANCE COSTS

	Fifteen months ended 31 March 2021 HK\$'000 (Unaudited)	Year ended 31 December 2019 HK\$'000 (Audited)
Continuing operations		
Imputed interest on convertible bonds	719	971
Interest on bank and other borrowings	34,821	29,553
Interest on promissory notes	6,002	818
Interest on amounts due to non-controlling shareholders	5,410	12,879
Interest on lease liabilities	543	807
	<u>47,495</u>	<u>45,028</u>
Discontinued operation		
Interest on bank and other borrowings	–	131
Interest on lease liabilities	–	34
	<u>–</u>	<u>165</u>
	<u>47,495</u>	<u>45,193</u>

8. INCOME TAX EXPENSES

	Fifteen months ended 31 March 2021 HK\$'000 (Unaudited)	Year ended 31 December 2019 HK\$'000 (Audited)
Current tax – PRC		
– Current period/year	–	26
Deferred tax – PRC		
– Current period/year	<u>36,723</u>	<u>25,100</u>
Income tax expenses	<u>36,723</u>	<u>25,126</u>
Representing:		
Continuing operations	36,723	23,124
Discontinued operation	<u>–</u>	<u>2,002</u>
	<u>36,723</u>	<u>25,126</u>

No provision for taxation in Hong Kong has been made as the Group did not have any assessable profit arising from Hong Kong during the period/year.

Under the Enterprise Income Tax Law of the PRC (the “**EIT Law**”) and Regulation on Implementation of the EIT Law, the rate of subsidiaries of the Group is 25% for the period/year.

9. PROFIT FOR THE PERIOD/YEAR

The Group’s profit for the period/year is stated at after charging/(crediting) the following:

	Fifteen months ended 31 March 2021 HK\$’000 (Unaudited)	Year ended 31 December 2019 HK\$’000 (Audited)
Continuing operations		
Depreciation of property, plant and equipment	2,294	1,970
Depreciation of right-of-use assets	7,381	6,303
Direct operating expenses arising from investment properties that generated rental income	8,099	9,654
Fair value loss/(gain) on financial assets at fair value through profit or loss	14,991	(15,992)
Exchange (gain)/loss, net	(13,454)	982
Impairment loss on goodwill	–	1,440
Expenses related to short-term lease	507	947
Staff costs (including Directors’ emoluments):		
Salaries, bonuses and allowance	17,062	13,077
Retirement benefit scheme contributions	749	744
	17,811	13,821
Discontinued operation		
Depreciation of property, plant and equipment	–	86
Depreciation of right-of-use assets	–	264
Amortisation of intangible assets	–	287
Exchange loss, net	–	2
Expenses related to short-term lease	–	16
Staff costs (including Directors’ emoluments):		
Salaries, bonuses and allowance	–	3,732
Retirement benefit scheme contributions	–	440
	–	4,172

10. DIVIDENDS

The Board did not recommend any payment of dividends during the period (year ended 31 December 2019: Nil).

11. EARNINGS PER SHARE

The calculations of basic earnings per share attributable to the owners of the Company are based on the following data:

	Fifteen months ended 31 March 2021 HK\$'000 (Unaudited)	Year ended 31 December 2019 HK\$'000 (Audited)
Profit for the period/year attributable to the owners of the Company for the purpose of basic earnings per share		
– From continuing operations	28,437	19,814
– From discontinued operation	–	11,496
	<u>28,437</u>	<u>31,310</u>
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>7,205,629</u>	<u>7,205,629</u>

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company and the weighted average number of ordinary shares after considering mandatory conversion element of convertible bonds.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the fifteen months ended 31 March 2021 and the year ended 31 December 2019.

12. INVESTMENT PROPERTIES

	31 March 2021 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Fair value		
At 1 January	1,441,575	1,425,000
Additions	11,916	39,583
Fair value gain recognised in profit or loss	33,600	5,196
Exchange difference	87,363	(28,204)
	<u>1,574,454</u>	<u>1,441,575</u>

The investment properties held by the Group represent the Port and Storage Facilities located in Shandong Province, the PRC.

13. TRADE RECEIVABLES

The Group normally allows trading credit terms ranging of 30 days to its established customers. For certain customers with long established relationship and good past repayment history, a longer credit period may be granted. Trade receivables are non-interest bearing. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

	31 March 2021 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
1 – 90 days	<u>15,981</u>	<u>–</u>

At 31 March 2021 and 31 December 2019, there were no trade receivables that were individually determined to be impaired. The Group did not hold any collateral over these balances.

14. EVENT AFTER THE REPORTING PERIOD

Subsequent to the period end date, a wholly-owned subsidiary of the Company (the “**Purchaser**”) entered into the acquisition agreement with a minority shareholder (the “**Vendor**”) of Shandong Shundong Port Services Company Limited (“**Shundong Port**”) and Shundong Port, pursuant to which the Purchaser agreed to acquire approximately 9.92% of the registered capital of Shundong Port from the Vendor for the total cash consideration of RMB82,000,000 (approximately HK\$100,000,000). The acquisition has not been completed up to the date of this announcement. For details, please refer to the announcement of the Company dated 22 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating results

The Group is principally engaged in the leasing of oil and liquefied chemical terminal, insurance brokerage service and the oil production (which was disposed on 28 June 2019). As the Company changed its financial year end date from 31 December to 31 March in 2021, the financial information of the Company herein presented is for the fifteen months ended 31 March 2021, with comparatives based on those for the year ended 31 December 2019. The comparative amounts are therefore not entirely comparable.

(i) Revenue

During the period, the Group's record revenue from continuing operations was approximately HK\$193 million (year ended 31 December 2019: HK\$130 million). The Group's revenue is mainly contributed from the rental income of the Port and Storage Facilities.

(ii) Gross profit

During the period, the Group's record gross profit from continuing operations was approximately HK\$190 million (year ended 31 December 2019: HK\$128 million). The Board believes that the stable rental income generated from the leasing of Port and Storage Facilities enables the Group to maintain the gross profit position.

(iii) Profit for the period

The Group recorded a profit of approximately HK\$87 million for the period (year ended 31 December 2019: HK\$47 million), profit for the period mainly represents the profit generated from the oil and liquefied chemical terminal business and fair value gain from the investment properties approximately HK\$34 million (year ended 31 December 2019: HK\$5 million). The investment properties represents the Port and Storage Facilities located in Shandong Province.

Business review

Operation of liquid chemical terminal, storage and logistics facilities business

In 2015, the Group acquired 51% equity interest in Shundong Port. Shundong Port owns two sea area use rights covering an aggregate area available for land-forming and reclamation construction of approximately 31.59 hectares in Dongying Port, Shandong Province, the PRC and permitting the construction of reclamation and land-forming for use in sea transportation and port facilities for a 50-years' period running from 13 November 2014 to 12 November 2064 and 23 February 2016 to 22 February 2066 respectively. Shundong Port has completed the construction and commenced leasing of its Port and Storage Facilities since 2017 with full commercial operation having been achieved in May 2018. Approximately HK\$193 million rental income was generated during the period.

In June 2020, two independent investors (the “**Investors**”) entered into a funding agreement (the “**Funding Agreement**”) with Shundong Port pursuant to which the Investors agreed to provide funding of RMB360 million (approximately HK\$429 million) to Shundong Port by way of non-voting, fixed-interest preference shares. As at the date hereof, RMB270 million (approximately HK\$307 million) has been drawn down from the Investors pursuant to the Funding Agreement and the remaining sum has yet to be drawn down. Since the Funding Agreement involves no dilution of the Group's voting right, profit sharing and return of capital in Shundong Port and the funding provided by the Investors are essentially by way of debt instrument in nature. Shundong Port remains as a subsidiary of the Company and its results continue to be consolidated in the Group's financial statements.

Financial review

Liquidity, financial resources and capital structure

As at 31 March 2021, the Group had total assets of approximately HK\$2,269 million (31 December 2019: HK\$2,073 million), total liabilities of approximately HK\$768 million (31 December 2019: HK\$1,047 million), indicating a gearing ratio of 0.34 (31 December 2019: 0.51) on the basis of total liabilities over total assets. The current ratio of the Group as at 31 March 2021 was 1.77 (31 December 2019: 0.50) on basis of current assets over current liabilities.

As at 31 March 2021, the Group had bank and other borrowings of approximately HK\$176 million and HK\$23 million respectively (31 December 2019: HK\$240 million and HK\$158 million respectively). The aggregate bank deposits and cash in hand of the Group were approximately HK\$14 million (31 December 2019: HK\$125 million).

As at 31 December 2019, the convertible bonds with outstanding principal amount of HK\$449 million were due on 16 September 2020 (“**2018 CB**”), carrying interest of 3% per annum, with right to convert the convertible bonds into ordinary shares of the Company (the “**Shares**”). The conversion price of 2018 CB is HK\$0.255 per Share (subject to adjustments) and a maximum number of 1,760,784,313 Shares may be allotted and issued upon exercise of 2018 CB attached to the convertible bonds in full. During the period, all 2018 CB were converted into 1,760,784,310 Shares.

Contingent liabilities

As at 31 March 2021, the Group did not have any significant contingent liabilities.

Capital and other commitments

The Group had capital commitments contracted but not provided for of approximately HK\$5 million as at 31 March 2021 (31 December 2019: HK\$10 million).

Charges on assets

As at 31 March 2021, entire investment properties of approximately HK\$1,574 million (31 December 2019: HK\$1,442 million) and trade receivables from rental income of approximately HK\$16 million (31 December 2019: Nil) were pledged for the Group’s bank borrowings and lease liabilities (31 December 2019: bank and other borrowings and lease liabilities).

Exchange exposure

The Group mainly operates in Hong Kong and PRC and the exposure in exchange rate risks mainly arises from fluctuations in the HK\$ and RMB exchange rates. Exchange rate fluctuations and market trends have always been the concern of the Group. The policy of the Group for its operating entities operates in their corresponding local currencies to minimise currency risks. The Group, after reviewing its exposure for the time being, did not enter into any derivative contracts aimed at minimising exchange rate risks during the period. However, management will monitor foreign currency exposure and will consider hedging significant foreign currency exposure if necessary.

Employee information

As at 31 March 2021, the Group employed 65 full-time employees (31 December 2019: 29). The Group’s emolument policies are formulated on the performance of individual employees and are reviewed annually in line with industry practice. The Group also provides provident fund schemes (as the case may be) to its employees depending on the location of such employees.

Dividend

The Board did not recommend the payment of any dividend for the period (year ended 31 December 2019: Nil).

Future plan and prospects

Operation of liquid chemical terminal, storage and logistics facilities business

Since the completion of the acquisition of 51% effective interest in Shundong Port by the Group in December 2015, the Group had been proactively promoting the continual construction of the Port and Storage Facilities. The original design of the Port and Storage Facilities anticipated four berths for chemical tankers of 10,000 tonnage and two berths for chemical tankers of 5,000 tonnage. The construction was completed in late September 2017, with and the terminal had commencing partial operation in late September 2017 and full operation in May 2018.

On 24 October 2016, Shundong Port entered into a lease agreement (the “**Lease Agreement**”) to lease the Port and Storage Facilities to an independent third party (the “**Original Lessee**”). The rent payable by the Original Lessee to Shundong Port for the Port and Storage Facilities under the Lease Agreement including value-added tax was RMB125 million (approximately HK\$148 million) per annum, which was payable in twelve equal instalments on monthly basis in advance. The Lease Agreement became effective in May 2018.

In December 2020, the Lease Agreement was terminated such that the Original Lessee was released from the continual performance of the Lease Agreement with effect from 1 January 2021 by the payment of liquidated damages. Shundong Port entered into a new lease agreement (the “**Novated Port Lease Agreement**”) with another independent third party (the “**New Lessee**”) whereby Shundong Port continued to lease the Port and Storage Facilities to the New Lessee with effect from 1 January 2021 and for the remainder of the lease period until 19 May 2023. The gross annual rent (including value-added tax) increased from RMB125 million (approximately HK\$148 million) to RMB140 million (approximately HK\$166 million) with effect from 1 January 2021 until 31 March 2022, and will further increase to RMB150 million (approximately HK\$178 million) with effect from 1 April 2022 until 19 May 2023. For details, please refer to the announcement of the Company dated 30 December 2020.

The Lease Agreement and the Novated Port Lease Agreement provided an opportunity for the Company to generate a stable rental income from the Port and Storage Facilities, which is expected to expedite the Group’s recovery of investment costs and to deliver reasonable return on capital to the Group on this project. In addition, the Novated Port Lease Agreement is expected to improve the Group’s asset and liabilities position in the long run, and to further enhance the fund-raising capabilities of Shundong Port in the short run. It is currently expected that any cash derived from the rental income of the Novated Port Lease Agreement will be retained by Shundong Port for its settlement of indebtedness, ongoing expansion and development plans.

Financial service business

Following the completion of the acquisition of an insurance brokerage entity (as detailed in the Company's announcement dated 7 May 2018), the Group creates an independent business segment in August 2018.

In November 2020, the Group entered into a sale and purchase agreement with an independent third party to acquire the entire interest of certain companies (the “**Acquisition**”), including (i) a company licensed to carry on type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “**SFO**”); and (ii) a company licensed to carry on type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. The application of the Company to become a substantial shareholder of these licensed companies has been conditionally approved by the Securities and Futures Commission. The Acquisition has not been completed up to the date of this announcement.

The Board believes that the Group can benefit from the diversification of its operations into the Financial service industry and through better deployment of available resources, can bring values to the Group and the shareholders of the Company as a whole.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company and the Board have applied the principles in the code provisions of the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) by adopting the code provisions of the CG Code. During the period, the Board has adopted and complied with the code provisions of the CG Code in so far they are applicable with the exception of the deviation from A.2.1 of the CG Code, the roles of chairman and chief executive officer (the “**CEO**”) should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. Since the position of the CEO is vacated, the Company is still looking for a suitable candidate to fill the vacancy of the CEO.

Under Code Provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. During the period, all independent non-executive Directors have not been appointed for a specific term but they are subject to retirement by rotation at least once every three years in accordance with the Company's Articles of Association.

Under Code Provision A.6.7 of the CG Code, independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders, Mr. Tang Qingbin and Mr. Wang Jinghua, the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 28 September 2020 due to their other prior engagements.

Under Code Provision E.1.2 of the CG Code, the chairman of the Board and the chairmen of the audit, remuneration and nomination committees should attend the annual general meeting. Mr. Lan Yongqiang, the chairman of the Board, and Mr. Tang Qingbin, the chairmen of the audit, remuneration and nomination committees of the Company, were unable to attend the annual general meeting held on 28 September 2020 due to their other prior engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code and the Company has made specific enquiries with all Directors and all of them confirmed that they had complied with the required standards set out in the Model Code throughout the period.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the suggested terms of reference stated under the Code Provision C.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Tang Qingbin. The Audit Committee is responsible for review of the Group’s accounting principles, practices internal control procedures and financial reporting matters including the review of the interim and final results of the Group prior to recommending to the Board for approval.

REVIEW OF UNAUDITED RESULTS

Due to the mandatory quarantine requirements for traveling between Hong Kong and China, the financial management of the Company must stay in Hong Kong to coordinate with the Company’s auditor (the “**Auditor**”), and have to rely on the staff in the PRC to assist the on-site audit work in China. While the Hong Kong team has closely supervised the PRC team by telephone and real time conferencing, the efficiency is still affected as compared to direct physical traveling to China prior to the outbreak of COVID-19.

The Company is notified that, as at the date of this announcement, the Auditor has yet to complete all of its audit procedures for the audit of the Company’s consolidated financial statements for the fifteen months ended 31 March 2021, as additional time is requested in performing audit procedures on (a) equity instruments at fair value through other comprehensive income; (b) certain receivables in relation to the deposits paid to a petrochemical company; (c) the capital injection made by certain non-controlling equity holders of a subsidiary of the Group; and (d) receiving audit confirmations from certain banks, debtors and creditors.

The Unaudited Results contained herein have not yet been agreed with the Auditor, but have been reviewed by the Audit Committee. The Company currently expects that the auditing process should be completed on or before 20 August 2021.

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to: (i) the audited results for the fifteen months ended 31 March 2021 as agreed by the Auditor and the material differences (if any) as compared with the Unaudited Results contained herein; (ii) the proposed date of the forthcoming annual general meeting of the Company (the “**2021 AGM**”), which is currently expected to take place on or before 30 September 2021; and (iii) the book closure period for the purpose of ascertaining shareholders’ eligibility to attend and vote at the 2021 AGM. In addition, the Company will issue further announcement(s) as and when necessary if there are other material development in the completion of the auditing process.

PUBLICATION OF AUDITED RESULTS AND ANNUAL REPORT

This Unaudited Results announcement is published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company. Based on the current progress, the Company currently expects that the audited consolidated results of the Company for the fifteen months ended 31 March 2021 should be published on or around 20 August 2021. The annual report of the Company for the fifteen months ended 31 March 2021, containing all the information as required by the Listing Rules, is expected to be dispatched to the shareholders of the Company and made available for review on the same websites on or before 31 August 2021.

WARNING STATEMENT

The financial information contained in this announcement in respect of the Unaudited Results of the Group have not been audited nor agreed with the Auditor. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 July 2021 and will remain suspended until further notice.

By order of the Board
Energy International Investments Holdings Limited
Lan Yongqiang
Chairman

Hong Kong, 27 July 2021

As at the date of this announcement, the executive Directors are Mr. Lan Yongqiang (Chairman), Mr. Wang Feng (Vice Chairman), Mr. Chan Wai Cheung Admiral, Mr. Cao Sheng, Mr. Yu Zhiyong and Dr. Lei Liangzhen; and the independent non-executive Directors are Mr. Tang Qingbin, Mr. Wang Jinghua and Mr. Fung Nam Shan.