IDG Energy Investment

IDG ENERGY INVESTMENT LIMITED

IDG能源投資有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 650)

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

The board (the "Board") of directors (the "Directors") of IDG Energy Investment Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries for the financial year ended 31 March 2019 ("FY2018") together with the comparative figures for the previous year.

CORPORATE PROFILE

The Company is an investment holding company mainly engaged in global energy assets investment and management. The financial information of the Company is reported on a consolidated basis with portfolio companies controlled by it, whereas the Company's interests in other portfolio companies are mostly recognized as financial assets at fair value through profit or loss in the Company's financial statements.

As at 31 March 2019, the Company has invested in various energy portfolio companies, both in China and abroad, which include Hongbo Mining, Stonehold, JOVO, GNL Quebec, LNGL, and JUSDA Energy, etc., covering investments in upstream crude oil assets and strategic investments throughout LNG value chain.

- Hongbo Mining is a portfolio company wholly acquired by the Company in 2016. It is an operating company engaged in exploration, development, production and sales of crude oil in China with its gross sales volume of approximately 390,479 barrels, and gross revenue from sales of approximately HK$210.0 million for FY2018. The Company holds 100% equity interest in Hongbo Mining and therefore Hongbo Mining's financial figures are fully consolidated to the Company's financial statements.

- Stonehold, a portfolio company in the upstream sector invested by the Company in 2017, owns a world-class shale oil block in Eagle Ford, Texas of the U.S.. The total net production and the revenue of Stonehold's assets for 2018 had reached approximately 962,000 boe and US$48.2 million, respectively. The Company invested in Stonehold through providing a Term Loan, where a fixed annual interest rate of 8% is recognized as financial assets at fair value through profit or loss in the Company's financial statements. In addition, the Company is also entitled to an amount equivalent to 92.5% of the net disposal proceeds upon disposal of the underlying assets, which is also recognized as fair value through profit or loss.

* *For identification purposes only*

- JOVO, an LNG sector portfolio company invested by the Company in 2017, is principally engaged in clean energy businesses, including importing, processing and sale of LNG and LPG in China. JOVO is the first private LNG receiving terminal operator in China and is one of the internationally recognized players in the LNG market, which imports over 1 million tons of LNG annually. The Company holds minority interest in JOVO, of which the financial results are recognized as financial assets at fair value through profit or loss in the Company's financial statements.

- GNL Quebec is another portfolio company invested by the Company along the LNG value chain. GNL Quebec owns and operates one of the largest Canadian LNG export terminals under development with a planned capacity of 11 mmtpa. The Company holds minority interest in GNL Quebec, of which the financial results are recognized as financial assets at fair value through profit or loss in the Company's financial statements.

- LNGL, a listed company on the Australian Securities Exchange (ASX code: LNG), is another portfolio company that the Company invested in 2018. LNGL owns and operates a fully permitted greenfield LNG export terminal, the Magnolia LNG project, in Louisiana of the U.S., with a planned capacity of 8 mmtpa or greater and recognized as one of the most viable LNG projects in the U.S.. The Company is the second largest shareholder of LNGL, and holds a 9.9% equity interest in LNGL. The financial results of LNGL are recognized as financial assets at fair value through profit or loss in the Company's financial statements.

- JUSDA Energy, the latest investment made by the Company in 2018 along the LNG value chain, is engaged in LNG logistics services using LNG ISO container model. As of the date of this announcement, JUSDA Energy has already started providing stable logistics services to its customers to help them distribute LNG from domestic LNG receiving terminals or source LNG globally using ISO container. The Company will hold a 39% equity interest upon completion of all equity contribution in JUSDA Energy and its financial results are recognized as interest in an associate in the Company's financial statements.

With strong supports from its Shareholders, mature investment strategies, sophisticated cross-border transaction capabilities and in-depth knowledge of the global energy market, the Company has best positioned itself to grasp the industry momentum brought by China's energy structural reform and the dynamic changes of the global natural gas market, and is committed to becoming the best cross-border energy assets investment manager in the region.

Note: Terms used in this section have the same meanings as those defined in the subsequent sections of this final results announcement.

FINANCIAL SUMMARY

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Revenue from sales of goods *(Note 1)*	**168,026**	123,399
Investment income *(Note 2)*	**163,289**	74,395
Subtotal	**331,315**	197,794
Total income from principal business activities, net of cost *(Note 3)*	**237,956**	106,576
EBITDA	**236,636**	101,656
Profit before taxation	**35,482**	24,323
Profit for the year	**27,379**	14,493
Basic earnings per share (HK$ per share)	**0.437 cent**	0.403 cent
Diluted earnings per share (HK$ per share)	**0.436 cent**	0.294 cent

Note 1: The revenue from sales of goods represents the revenue generated from the net sales of crude oil produced by Xilin Gol League Hongbo Mining Development Company Limited* 錫林郭勒盟宏博礦業開發有限公司 ("Hongbo Mining"), a wholly-owned subsidiary of the Company.

Note 2: According to accounting policy, the investment income stated here mainly includes (i) the returns from one of the investments regarding upstream oil and gas assets, primarily in the form of interest income (interest at the rate of 8% per annum) and other fair value gain (entitlement to an amount equivalent to 92.5% of the net disposed proceeds) from the term loan (the "Term Loan") granted to Stonehold Energy Corporation ("Stonehold"), who holds the unconventional shale oil and gas assets in the Eagle Ford core region in the United States ("U.S."), details of which are disclosed in the announcements of the Company dated 15 August 2017, 27 September 2017 and 28 February 2018 and the circular of the Company dated 29 September 2017; and (ii) the net of investment income and losses in the form of fair value gain or loss from other projects.

Note 3: The total income from principal business activities, net of cost represents the above-mentioned revenue from sales of goods and investment income, net off the cost of sales of goods.

OPERATING SUMMARY

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Upstream oil and gas business from Hongbo Mining		
Gross production volume *(barrels)*	**387,513**	362,682
Gross sales volume *(barrels) (Note 1)*	**390,479**	357,387
Net sales volume *(barrels)*	**312,384**	285,910
Average unit selling price *(HK$ per barrel) (Note 1)*	**518**	432
Average daily gross production volume *(barrels)*	**1,076**	1,007
Average unit production cost before depreciation and amortisation *(HK$ per barrel) (Note 1)*	**113**	103
Average unit production cost *(HK$ per barrel) (Note 1)*	**241**	252
Wells drilled during the year		
– Dry holes *(unit)*	**–**	–
– Oil producers *(unit) (Note 2)*	**13**	22
Fracturing workover during the year *(unit)*	**4**	–
Key investment income		
Stonehold investment *(Note 3)*	**184,361**	60,942
JOVO investment *(Note 3)*	**9,002**	12,702
Quebec investment *(Note 3)*	**6,102**	7,449

Notes:

1 Hongbo Mining is a subsidiary of the Company engaged in exploration, development, production and sale of crude oil in PRC. Hongbo Mining's gross production volume was used in the calculation of average unit production cost and average unit production cost before depreciation and amortisation which includes the share of 20% production volume of crude oil to 陝西延長石油(集團)有限責任公司(延長油礦管理局) (Shaanxi Yanchang Petroleum (Group) Company Limited (Yanchang Oil Mineral Administrative Bureau)*) ("Yanchang"). The average unit selling price was calculated using the net sales amount and net sales volume which exclude Yanchang's 20% share in sales. Gross sales volume equals to the net sales volume plus the share of 20% of crude oil attributable to Yanchang.

2 In FY2018, Hongbo Mining had successfully drilled 13 wells, among which, as at 31 March 2019, 12 wells had been completed and the remaining 1 was pending for completion.

3 Please refer to note 4 under "Notes to the Financial Information" and the section headed "Business Review" in this annual results announcement for further information.

FINANCIAL AND BUSINESS HIGHLIGHTS

In FY2018, the Company and its subsidiaries made strong progress in terms of financial results and business operations.

Significant increase in investment income and EBITDA

The investment income increased to HK$163.3 million in FY2018 from HK$74.4 million for the financial year ended 31 March 2018 ("FY2017"). The increase of investment income is primarily attributable to the return on the investment regarding upstream oil and gas assets, in the form of interest income (at the rate of 8% per annum) and other fair value gain (entitlement to an amount equivalent to 92.5% of the net disposed proceeds) from the Term Loan granted to Stonehold, which holds unconventional shale oil and gas assets in the Eagle Ford core region in the U.S.

The EBITDA changed from HK$101.7 million in FY2017 to HK$236.6 million in FY2018. The significant increase of EBITDA is primarily attributable to (i) the increase of sales volume and the recovery of crude oil prices since the second half of 2017, which led to an increase in the revenue of Hongbo Mining, a wholly-owned subsidiary of the Company, and (ii) the increase of investment income as stated above.

Business development

The Company made further investments along the liquefied natural gas ("LNG") value chain during FY2018, and had successfully developed a more diversified and balanced investment portfolio through selective investments regarding energy assets at home and abroad. Besides, the Company set foot in energy investment funds management through entering into a framework agreement with prospective investor in FY2018.

1. ***Investment in LNGL***

   On 13 June 2018, the Company, through its subsidiary, completed the subscription for 56,444,500 shares allotted and issued by LNGL, a company principally engaged in developing LNG export terminal projects in the U.S. and in Canada, at an aggregate subscription price of A$28.2 million (equivalent to approximately HK$166.8 million) (the "LNGL Investment"). Upon completion of the LNGL Investment, the Company held a 9.9% equity interest in LNGL and became the second largest shareholder of LNGL.

   The Company believes that this strategic investment in LNGL will bring not only good financial returns for its shareholders (the "Shareholders") but also provide great competitive advantages for the Company to participate in the opportunity of satisfying the rapidly growing need for natural gas in China.

2. Further investment in GNL Quebec

On 30 November 2017, the Company, through its subsidiary, entered into an agreement of purchase and sale with an investment fund for purchasing its interests in LNG Quebec Limited Partnership ("GNL Quebec") at the purchase price of US$3.15 million (equivalent to approximately HK$24,633,000) (the "GNL Quebec Investment"). Upon completion of the GNL Quebec Investment on 7 February 2018, the Company held a minority interest in GNL Quebec.

On 26 July 2018, the Company, through its subsidiary, invested another US$1 million (equivalent to approximately HK$7,800,000) in GNL Quebee to support the project's ongoing development. GNL Quebec is actively working on the upstream gas supply and off-taking contracts both of which are developing rapidly. Based on the latest market dynamics, it is believed that this project is one of the most feasible LNG exporting terminal projects in Canada.

3. Investment in JUSDA Energy

On 25 September 2018, the Company, through one of its wholly-owned subsidiaries, entered into the agreement for a joint venture (the "JV Agreement") with JUSDA Supply Chain Management International CO., LTD. (準時達國際供應鏈管理有限公司) ("JUSDA") and the management team (the "Management"), in relation to the formation of JUSDA Energy Technology (Shanghai) Co Ltd. (準時達能源科技(上海)有限公司) ("JUSDA Energy"), to be engaged in LNG logistics services (the "JUSDA Energy Investment"). The Company made contribution amounting to RMB39,000,000 (equivalent to approximately HK$43,937,000) to JUSDA Energy pursuant to the JV Agreement and the completion of such investment took place on 21 December 2018. The Company will hold a 39% equity interest upon completion of all equity contribution in JUSDA Energy.

JUSDA Energy has started to provide stable logistics services to its customers to help them distribute LNG from domestic LNG receiving terminals or source LNG globally using ISO containers. The Company believes that JUSDA Energy's business model is notably differentiated from other market players by providing only logistics services instead of doing both trading and logistics, which makes JUSDA Energy a focused service provider on the market.

JUSDA Energy will benefit from the extensive network of natural gas resources of the Company, which will give its customers access to LNG resources in the North America and the Asia Pacific Region. JUSDA, as the sole logistics chain management platform designated under Foxconn Technology Group, has a wide container transportation network and strong bargaining power among the industry, which will provide strong support to JUSDA Energy in improving its LNG logistics services and reducing relevant costs.

4. *Management of Energy Investment Fund*

On 20 November 2018, as a significant step and part of its principal activity of global energy assets investment and management, the Company and its subsidiary, Hengqin Harmony Rongtai Investment Management Limited* (橫琴和諧榮泰投資管理有限公司) ("Rongtai Investment Management"), set foot in energy investment funds management through entering into a framework agreement (the "Framework Agreement") with Yantai Jereh Petroleum Service Group Co., Ltd.* (煙台傑瑞石油服務集團股份有限公司) ("Jereh") for cooperation on the establishment, operation and management of an energy investment fund (the "Energy Investment Fund"). The Energy Investment Fund will be primarily focusing on investments along China's natural gas value chain as well as other energy-related industries. The expected size of the Energy Investment Fund is RMB3 billion to RMB5 billion, where Jereh, as a cornerstone investor, proposes to make a capital contribution of RMB1 billion. Rongtai Investment Management will be responsible for the operation and management of the Energy Investment Fund.

The establishment of the Energy Investment Fund will allow both parties to explore projects with promising investment returns in energy industries. The Company believes that Jereh's in-depth knowledge in energy related industries will help the Energy Investment Fund to maximize returns of investments.

For details of the financial results and business operations of the Company and its subsidiaries during FY2018 and the relevant analysis, please refer to the section headed "Business Review" in this final results announcement.

FINANCIAL RESULTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2019
(Expressed in Hong Kong dollars)

	Note	**Year ended 31 March** **2019** *HK$'000*	2018 *(Note)* *HK$'000*
Revenue from sales of goods		**168,026**	123,399
Cost of sales of goods		**(93,359)**	(91,218)
		74,667	32,181
Investment income		**163,289**	74,395
Total income from principal business activities, net of cost	*4*	**237,956**	106,576
Other net gains/(losses)	*5*	**15**	(163)
Administrative expenses		**(66,843)**	(73,836)
Taxes other than income tax	*6*	**(15,080)**	(8,205)
Exploration expenses, including dry holes	*7*	**(2,029)**	(1,343)
Profit before net finance (costs)/income and taxation		**154,019**	23,029
Finance income		**34,934**	24,337
Finance costs		**(153,471)**	(23,043)
Net finance (costs)/income	*8*	**(118,537)**	1,294
Profit before taxation	*8*	**35,482**	24,323
Income tax	*9*	**(8,103)**	(9,830)
Profit for the year		**27,379**	14,493
Earnings per share	*10*		
Basic		**HK$0.437 cent**	HK$0.403 cent
Diluted		**HK$0.436 cent**	HK$0.294 cent

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019
(Expressed in Hong Kong dollars)

	Year ended 31 March	
	2019	2018
		(Note)
	HK$'000	*HK$'000*
Profit for the year	**27,379**	14,493
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss:		
Equity investment at FVOCI – net movement in fair value reserve (non-recycling)	**(12,331)**	(1,127)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(33,277)**	25,933
Other comprehensive income for the year	**(45,608)**	24,806
Total comprehensive income for the year	**(18,229)**	39,299

Note: The Group has initially applied HKFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated (see note 2(c)).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2019

(Expressed in Hong Kong dollars)

	Note	At 31 March 2019	At 31 March 2018 *(Note)*
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**597,163**	622,774
Construction in progress		**18,193**	12,509
Intangible assets		**26,175**	28,943
Lease prepayments		**10,029**	11,057
Interest in an associate		**43,778**	–
Financial assets at fair value through profit or loss	*11*	**1,836,876**	1,550,377
Financial assets at fair value through other comprehensive income		**44,038**	56,369
Other non-current assets		**29,955**	32,711
		2,606,207	2,314,740
Current assets			
Inventories		**5,099**	7,294
Trade receivables	*12*	**46,298**	44,820
Other receivables	*12*	**31,588**	82,404
Financial assets at fair value through profit or loss	*11*	**18,043**	26,515
Derivative financial instruments		**–**	1,285
Cash and cash equivalents		**1,191,534**	1,786,403
		1,292,562	1,948,721
Current liabilities			
Trade and other payables	*13*	**226,514**	284,730
Derivative financial instruments		**–**	2,273
		226,514	287,003
Net current assets		**1,066,048**	1,661,718
Total assets less current liabilities		**3,672,255**	3,976,458

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars)

	Note	**At 31 March 2019**	At 31 March 2018 *(Note)*
		HK$'000	*HK$'000*
Non-current liabilities			
Convertible bond	*14*	**45,653**	67,148
Convertible note	*15*	**–**	234,187
Deferred tax liabilities		**31,770**	25,358
Provisions		**51,419**	56,592
Derivative financial instruments		**–**	3,614
		128,842	386,899
NET ASSETS		**3,543,413**	3,589,559
CAPITAL AND RESERVES			
Share capital	*16(b)*	**65,959**	60,944
Reserves		**3,477,454**	3,528,615
TOTAL EQUITY		**3,543,413**	3,589,559

Note: The Group has initially applied HKFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated (see note 2(c)).

NOTES TO THE FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

1 CORPORATE INFORMATION

IDG Energy Investment Limited (formerly known as IDG Energy Investment Group Limited) (the "Company") is an investment holding company, which was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its head office and principal place of business is located at Unit 5507, 55/F., The Center, 99 Queen's Road Central, Hong Kong.

Pursuant to a special resolution in relation to the change of company name passing at the special general meeting of the Company on 9 July 2018, the name of the Company was changed from IDG Energy Investment Group Limited to IDG Energy Investment Limited with effect from 20 July 2018.

On 29 July 2016 (the "Completion Date"), the Company completed a reverse takeover transaction (the "Reverse Takeover Transaction") which involved, among others, the acquisition by the Company of the entire equity interest of Xilin Gol League Hongbo Mining Development Company Limited 錫林郭勒盟宏博礦業開發有限公司 ("Hongbo Mining"), a limited liability company established in the People's Republic of China ("PRC").

During the year ended 31 March 2019, the principal activity of the Company is global energy assets investment and management. The principal activities of its subsidiaries and invested portfolios consist of upstream oil and gas business, LNG liquefaction and exporting, LNG importing, processing and sales, and LNG logistics services, as well as related energy investment fund management.

Hongbo Mining, one of the Company's wholly-owned subsidiaries, entered into an exploration and production cooperation contract ("EPCC") with 陝西延長石油(集團)有限責任公司(延長油礦管理局) (Shaanxi Yanchang Petroleum (Group) Company Limited (Yanchang Oil Mineral Administrative Bureau), "Yanchang") in July 2010. The EPCC gives Hongbo Mining the right to explore, develop, produce and sell the crude oil extracted from the two blocks (Block 212 and Block 378) located at Xilin Gol League, Inner Mongolia (the "Area") and shared between Hongbo Mining and Yanchang in the proportion of 80% and 20% respectively. Hongbo Mining commenced production in Block 212 in 2010. The EPCC was renewed in June 2018 and the expiry date of the EPCC is extended to 30 June 2020. Yanchang had obtained from the Ministry of Land and Resources of the People's Republic of China a 15-year valid production permit for Block 212 in May 2017. Besides, Block 212 and Block 378 are entitled to exploration permit which are renewable for a term of two years after expiration. The current exploration permit in respect of Block 212 expired on 5 March 2019 with the new exploration permit being applied and processed by the Ministry of Natural Resources of the People's Republic of China, and the current exploration permit in respect of Block 378 will expire on 9 November 2019.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

This financial information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. This financial information also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in this financial information.

(b) Basis of preparation

The financial information for the year ended 31 March 2019 comprises the Company and its subsidiaries.

The measurement basis used in the preparation of the financial information is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- Financial assets at fair value through profit or loss;

- Financial assets at fair value through other comprehensive income;

- Derivative financial instruments.

The preparation of financial information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. The Group has early adopted HKFRS 9, *Financial Instruments* in the annual financial report ended 31 March 2018. The development of HKFRS 15, *Revenue from contracts with customers* is relevant to the Group' s financial statements.

The Group has not applied new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

The adoption of HKFRS 15 does not have any material impact on the financial position and the financial results of the Group.

3 SEGMENT REPORTING

The principal activity of the Company is global energy assets investment and management. The principal activities of its subsidiaries and invested portfolios consist of upstream oil and gas and other related businesses. The external customer and non-current assets (excluded deferred tax assets, financial instruments and interest in an associate) are located in the PRC, which are mainly held by Hongbo Mining.

The most senior executive management regularly review its financial statements as a whole to assess the performance and make resource allocation decisions. Accordingly, no segment information is presented.

4 TOTAL INCOME FROM PRINCIPAL BUSINESS ACTIVITIES, NET OF COST

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
– sales of crude oil recognised at point in time *(note (a))*	**168,026**	123,399
Cost of sales of crude oil	**(93,359)**	(91,218)
	74,667	32,181
Investment income *(note (b))*	**163,289**	74,395
Total income from principal business activities, net of cost	**237,956**	106,576

Notes:

(a) Revenue from sales of crude oil is generated by Hongbo Mining, which is a subsidiary of the Company and engaged in exploration, development, production and sale of crude oil in the PRC. The amount represents the sales value of crude oil supplied to the customers, net of value added tax. There is only one major customer with whom transactions have exceeded 10% of the revenue from sales of crude oil.

The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18 (see note 2(c))

(b) Investment income

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Stonehold investment *(note (i))*	**184,361**	60,942
JOVO investment *(note (i))*	**9,002**	12,702
GNL Quebec investment *(note (i))*	**6,102**	7,449
Trading securities listed in the U.S. *(note (i))*	**(2,762)**	4,580
LNGL investment *(note (i))*	**(25,937)**	–
Dividend income *(note (ii))*	**4,928**	–
Net realised and unrealised losses on derivative financial instruments *(note (iii))*	**(11,122)**	(11,278)
Share of losses of an associate *(note (iv))*	**(829)**	–
Others	**(454)**	–
	163,289	74,395

Notes:

(i) These amounts represent fair value changes on the Stonehold investment, JOVO investment, GNL Quebec investment, trading securities listed in the US and LNGL investment during the year ended 31 March 2019. Such assets are measured at FVTPL (see note 11), any interest income arising from such assets is included in fair value changes.

(ii) The amount represents the dividend income from JOVO investment and equity investment designated as FVOCI.

(iii) The amount represents net changes in the fair value of crude oil price option contract and crude oil price swap contracts held for risk management purpose. The derivative financial instruments are measured at FVTPL.

(iv) The amount represents share of the associate's profit or loss under equity method.

5 OTHER NET GAINS/(LOSSES)

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Net gains/(losses) on disposal of property, plant and equipment	**15**	(163)

6 TAXES OTHER THAN INCOME TAX

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Resources tax	**10,082**	7,404
Petroleum special profit taxation	**3,027**	–
City construction tax	**793**	493
Education surcharge	**476**	296
Water resources tax	**702**	12
	15,080	8,205

7 EXPLORATION EXPENSES, INCLUDING DRY HOLES

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Staff cost	**2,029**	1,343

Exploration expenses, including dry holes were related to the exploration activities conducted by Hongbo Mining.

8 NET FINANCE (COSTS)/INCOME

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Interest income	**31,347**	4,306
Net gain on bank financing products	**1,494**	446
Changes in fair value on the derivative component of convertible note *(note 15)*	**2,093**	1,110
Gain on modification of terms of convertible bond	**–**	131
Interest on bank and other borrowings	**–**	(1,886)
Interest on convertible bond and convertible note *(note 14 and 15)*	**(17,786)**	(18,932)
Redemption of convertible note *(note 15)*	**(131,550)**	–
Accretion expenses	**(2,425)**	(2,092)
Foreign exchange (loss)/gain, net	**(1,660)**	18,344
Others	**(50)**	(133)
	(118,537)	1,294

9 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Deferred tax		
Origination and reversal of temporary differences	**8,103**	9,830

(b) Reconciliation between tax expense and accounting profit at applicable tax rate:

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Profit before taxation	**35,482**	24,323
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**2,297**	1,818
Effect of non-taxable income	**(3,098)**	(2,449)
Effect of non-deductible expenses	**7,610**	7,233
Effect of unrecognised tax losses	**8,588**	5,182
Use of unrecognised tax losses	**(7,294)**	(1,954)
Actual tax expense	**8,103**	9,830

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands (the "BVI"), the Company and its subsidiaries are not subject to any income tax in Bermuda and the BVI.

Hongbo Mining and other PRC incorporated subsidiaries of the Company are subject to PRC enterprise income tax at the statutory rate of 25%.

Certain Hong Kong incorporated subsidiaries of the Company are subject to Hong Kong Profits Tax which is calculated at 16.5% of the estimated assessable profits.

No provisions for Hong Kong profits tax and PRC enterprise income tax have been made as the Company and its subsidiaries do not have any estimated assessable income arising in Hong Kong or the PRC for both the current and prior year.

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$27,379,000 (2018: HK$14,493,000) and the weighted average of 6,268,569,000 ordinary shares (2018: 3,598,754,000 shares) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	Year ended 31 March	
	2019	2018
	'000	*'000*
Issued ordinary shares at 1 April	**6,094,404**	1,616,741
Effect of conversion of preferred shares *(note 16(b)(iii))*	**–**	1,360,976
Effect of conversion of convertible bond *(note 14(c) and (e))*	**202,763**	177,572
Effect of issue of ordinary shares *(note 16(b)(iv))*	**–**	443,465
Effect of shares repurchased *(note 16(b)(v))*	**(28,598)**	–
Weighted average number of ordinary shares at 31 March	**6,268,569**	3,598,754

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 March 2019 is based on the profit attributable to ordinary equity shareholders of the Company of HK$32,748,000 (2018: HK$14,493,000) and the weighted average number of ordinary shares of 7,506,766,000 (2018: 4,935,277,000 shares) shares, calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Profit attributable to ordinary equity shareholders	**27,379**	14,493
After tax effect of effective interest on the liability component of convertible bond	**5,369**	–
Profit attributable to ordinary equity shareholders (diluted)	**32,748**	14,493

(ii) Weighted average number of ordinary shares (diluted)

	Year ended 31 March	
	2019	2018
	'000	*'000*
Weighted average number of ordinary shares at 31 March	**6,268,569**	3,598,754
Effect of deemed conversion of the Company's preferred shares for nil consideration *(note 16(b))*	**–**	1,336,523
Effect of conversion of ordinary shares for convertible bond *(note 14)*	**1,238,197**	–
Weighted average number of ordinary shares (diluted) at 31 March	**7,506,766**	4,935,277

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 March 2019	At 31 March 2018
	HK$'000	*HK$'000*
Non-current assets		
Stonehold investment *(note (a))*	**1,510,062**	1,389,206
JOVO investment *(note (b))*	**138,154**	129,152
GNL Quebec investment *(note (c))*	**45,921**	32,019
LNGL investment *(note (d))*	**142,739**	–
	1,836,876	1,550,377
Current assets		
Trading securities listed in the US	**8,689**	11,451
Bank financing products	**9,354**	15,064
	18,043	26,515

Notes:

(a) On 14 August 2017 (local time in Houston, Texas, the U.S.), the Company and Think Excel Investments Limited ("Think Excel"), a wholly-owned subsidiary of the Company, entered into a credit agreement (the "Credit Agreement") with Stonehold Energy Corporation ("Stonehold"), pursuant to which, the Company and Think Excel have conditionally agreed to grant a Term Loan to Stonehold (the "Stonehold investment") for the purpose of financing the acquisition of certain oil and gas related assets (the "Target Assets") and the subsequent operations of such assets by Stonehold. On the same date Stonehold entered into an acquisition agreement (the "Acquisition Agreement") with Stonegate Production Company, LLC (the "Stonegate"), pursuant to which, Stonegate has conditionally agreed to sell and Stonehold has conditionally agreed to purchase the Target Assets. All Target Assets are oil and gas assets owned by Stonegate as a non-operator.

By the end of current reporting period, the total payment of the Stonehold investment with an amount of US$170.0 million (equivalent to approximately HK$1,330.1 million) has been released to Stonehold. Under the Credit agreement, the Company and Think Excel are entitled to interest on the principal amount of the Stonehold investment at a rate of 8% per annum (after the making of or the allocation of any applicable withholding tax). The Company and Think Excel are also entitled to additional interest at an amount equal to 92.5% of the remainder cash proceeds received or recovered by Stonehold in respect of any disposal of the Target Assets after deducting outstanding principals and interests pursuant to the Credit Agreement, as well as after deducting any fees, costs and expenses reasonably incurred by Stonehold with respect to such disposal, if applicable, be distributed to the Company and Think Excel, as additional interest to the Stonehold investment. The maturity date of the Stonehold investment is 10 years after the initial payment of the Stonehold investment.

Stonehold holds the unconventional shale oil and gas assets in the Eagle Ford core region in the U.S.

(b) On 14 July 2017, Valuevale Investment Limited ("Valuevale"), a wholly-owned subsidiary of the Company, entered into a subscription agreement with Jiangxi Jovo Energy Company Limited ("JOVO"), pursuant to which Valuevale has conditionally agreed to subscribe for, and JOVO has conditionally agreed to allot and issue, shares of JOVO at a consideration of RMB100 million (equivalent to approximately HK$115.2 million). The completion of the Subscription took place on 28 July 2017.

JOVO is a limited liability company incorporated in the PRC which engages in clean energy businesses, including importing, processing and sale of LNG and LPG.

(c) On 30 November 2017, Golden Libra Investment Limited ("Golden Libra"), a wholly-owned subsidiary of the Company, entered into an agreement of purchase and sale with an investment fund for purchasing its interests in LNG Quebec Limited Partnership (the "GNL Quebec") at the purchase price of US$3.15 million (equivalent to approximately HK$24,633,000). The completion of the acquisition took place on 7 February 2018.

On 26 July 2018, Golden Libra invested another US$1 million (equivalent to approximately HK$7,800,000) in GNL Quebec to support ongoing development.

GNL Quebec, through its wholly-owned subsidiary GNL Quebec Inc., is developing a state-of-the-art and low-carbon-emission LNG exporting terminal with a maximum nameplate liquefaction capacity of up to eleven million tons per annum.

(d) On 2 June 2018, the Company entered into a subscription agreement with Liquefied Natural Gas Limited ("LNGL"), which is listed in Australia, pursuant to which the Company has agreed to subscribe for, and LNGL has agreed to issue, 56,444,500 ordinary shares of LNGL at an aggregate subscription price of A$28.2 million (equivalent to approximately HK$166.8 million). Upon completion of the subscription, the Company held 9.9% of the equity interests in LNGL and became the second largest shareholder of LNGL. The completion of the subscription took place on 13 June 2018.

LNGL owns and operates a fully permitted greenfield LNG export terminal, the Magnolia LNG project, in Louisiana of the U.S., with planned capacity of 8 mmtpa or greater and recognized as one of the most viable LNG projects in the U.S.

12 TRADE AND OTHER RECEIVABLES

	At **31 March 2019** ***HK$'000***	At 31 March 2018 *HK$'000*
Within 1 month	**24,344**	18,647
1 to 6 months	**21,954**	26,173
Trade receivables	**46,298**	44,820
Other receivables	**10,900**	50,510
Prepayment to suppliers	**17,698**	16,202
Dividends receivable from financial instruments measured at FVTPL	**2,990**	–
Deposit for derivative financial instruments investment	**–**	15,692
	77,886	127,224

As at 31 March 2018 and 2019, trade receivables relate to an independent customer that without any historical default record with Hongbo Mining. Based on past experience, current condition and management's view of economic condition over the expected lives of the trade receivables, management believes that there is not any possible default events over the expected lives of the trade receivables, so no loss allowance is necessary in respect of these balances.

13 TRADE AND OTHER PAYABLES

	At **31 March 2019** ***HK$'000***	At 31 March 2018 *HK$'000*
Within 1 year	**45,604**	71,422
Over 1 year but within 2 years	**24,654**	26,944
Over 2 years but within 3 years	**9,738**	2,314
Over 3 years	**7,901**	20,014
Trade payables	**87,897**	120,694
Taxes other than income tax payable	**15,568**	12,542
Guarantee deposit	**40,803**	43,682
Payable due to Yanchang	**63,792**	83,767
Interest payable	**9,973**	11,084
Others	**8,481**	12,961
	226,514	284,730

14 CONVERTIBLE BOND

	Liability component *HK$'000*	Equity component *HK$'000*	Total *HK$'000*
At 31 March 2017	116,541	133,092	249,633
Interest expenses *(note 8)*	6,250	–	6,250
Interest payable	(1,082)	–	(1,082)
Modification of terms of convertible bond *(note (b))*	(31,720)	31,589	(131)
Conversion of convertible bond *(note (c))*	(22,841)	(25,695)	(48,536)
At 31 March 2018	**67,148**	**138,986**	**206,134**
Interest expenses *(note 8)*	**6,430**	**–**	**6,430**
Interest payable	**(834)**	**–**	**(834)**
Conversion of convertible bond *(note (e))*	**(27,091)**	**(52,867)**	**(79,958)**
At 31 March 2019	**45,653**	**86,119**	**131,772**

Notes:

(a) As at 29 July 2016, the convertible bonds originally had total nominal value of HK$120,000,000 and interest at 1 % per annum which were payable half year in arrears. The convertible bonds were convertible into the Company's ordinary shares at a conversion price of HK$0.0672 per share at any time before 30 April 2018.

The convertible bonds have been accounted for as compound financial instruments containing an equity component and a liability component. The liability component was initially measured at fair value of HK$114,208,000 at discount rate of 4.12% per annum and carried at amortised cost.

(b) On 15 August 2017, the Company entered into a deed of amendment with Titan Gas, one holder of the convertible bond, to further extend the maturity date of the convertible bond with nominal value of HK$96,832,526 from 30 April 2018 to 30 April 2022, and to remove certain adjustment events to the conversion price.

The modification resulted in the extinguishment of the financial liability of the convertible bond and the recognition of new financial liability and equity component. The fair value of the new financial liability regarding the convertible bond revised portion immediately following the modification was approximately HK$63,421,000. The fair value of the liability component was determined by discounted cash flows over the remaining terms of the convertible bonds at an effective interest rate of 10.88% per annum.

(c) On 25 September 2017, Tanisca Investments Limited, another holder of the convertible bond, exercised the conversion rights to convert all the convertible bond held with the nominal value of HK$23,167,474 into 344,754,077 ordinary shares.

(d) On 22 August 2018, Titan Gas transferred parts of the convertible bonds to three entities with the nominal value of HK$16,832,526.

(e) On 18 October 2018 and 17 December 2018, convertible bond holders exercised the conversion rights to convert their convertible bond with the nominal value of HK$18,432,526 and HK$18,400,000, into 274,293,540 and 273,809,523 ordinary shares respectively. At 31 March 2019, the remaining convertible bond with nominal value of HK$60,000,000 was solely held by Titan Gas.

15 CONVERTIBLE NOTE

	Liability component *HK$'000*	Derivative component *HK$'000*	Equity component *HK$'000*	Total *HK$'000*
At 1 April 2017	219,412	3,203	34,583	257,198
Interest expenses *(note 8)*	12,682	–	–	12,682
Fair value changes on the derivative component *(note 8)*	–	(1,110)	–	(1,110)
At 31 March 2018	**232,094**	**2,093**	**34,583**	**268,770**
Interest expenses *(note 8)*	**11,356**	**–**	**–**	**11,356**
Fair value changes on the derivative component *(note 8)*	**–**	**(2,093)**	**–**	**(2,093)**
The redemption of convertible note	**(243,450)**	**–**	**(34,583)**	**(278,033)**
At 31 March 2019	**–**	**–**	**–**	**–**

On 29 July 2016, the Company issued the convertible note with an aggregate principal amount of HK$250,000,000. According to the terms of the convertible note, no interest shall be payable on the entire principal amount and the maturity date is the third anniversary of the Completion Date, i.e. 29 July 2019. The holder of the convertible note ("CN holder") has the right to convert the convertible note into the Company's 373,357,228 ordinary shares at a conversion price of HK$0.6696 per share. During the period starting from the first day of the 31st month following 29 July 2016, the CN holder has the right to request the Company to redeem the convertible note by paying the CN holder a redemption premium of HK$125,000,000 as well as the principal amount of HK$250,000,000.

On 4 February 2019, the Company redeemed all of the outstanding convertible note at the amount of HK$375,000,000 after receiving the redemption notice from CN Holder (the "Redemption"). As the result, the finance cost amounting to HK$131,500,000 was recognised due to the Redemption. Following the Redemption, the convertible note has been cancelled and the Company has been discharged from all of its obligations under and in respect of the convertible note.

16 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

There is no dividend declared attributable to the year ended 31 March 2019 (2018: Nil).

There is no dividends payable to owners of the Company attributable to previous financial year, approved and paid during the year ended 31 March 2019 (2018: Nil).

(b) Share capital

	Ordinary shares		Preferred shares		Total	
	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value
	'000	*HK$'000*	*'000*	*HK$'000*	*'000*	*HK$'000*
Shares of HK$0.01 each						
Authorised:						
At 1 April 2017	8,000,000	80,000	5,000,000	50,000	13,000,000	130,000
Increase in authorised shares *(note (i))*	3,000,000	30,000	–	–	3,000,000	30,000
At 31 March 2018 and 31 March 2019	11,000,000	110,000	5,000,000	50,000	16,000,000	160,000
Issued, paid or payable:						
At 1 April 2017	1,616,741	16,167	2,747,909	27,479	4,364,650	43,646
Conversion of convertible bond *(note 14(c))*	344,754	3,448	–	–	344,754	3,448
Adjustment of unpaid preferred shares *(note (ii))*	–	–	(100,000)	(1,000)	(100,000)	(1,000)
Conversion of preferred shares *(note (iii))*	2,647,909	26,479	(2,647,909)	(26,479)	–	–
Issue of ordinary shares *(note (iv))*	1,485,000	14,850	–	–	1,485,000	14,850
At 31 March 2018	**6,094,404**	**60,944**	**–**	**–**	**6,094,404**	**60,944**
Conversion of convertible bond *(note 14(e))*	**548,103**	**5,481**	**–**	**–**	**548,103**	**5,481**
Purchase of own shares *(note (v))*	**(46,600)**	**(466)**	**–**	**–**	**(46,600)**	**(466)**
At 31 March 2019	**6,595,907**	**65,959**	**–**	**–**	**6,595,907**	**65,959**

Notes:

(i) Pursuant to a special resolution passed on 11 January 2018, the authorised share capital of the Company was increased from HK$130,000,000 to HK$160,000,000 by the creation of 3,000,000,000 ordinary shares of HK$0.01 each.

(ii) At the Completion Date, the Company issued 1,269,414,575 ordinary shares at a subscription price of HK$0.6696 per share for cash and 2,747,909,199 preferred shares at a subscription price of HK$0.6696 per share. The total cash consideration for the subscription is HK$2,690,000,000, of which HK$2,626,388,000 have been received during the year ended 31 March 2018. The remaining consideration receivables of HK$63,612,000 related to 100,000,000 unpaid preferred shares was due from Aquarius Growth Investment Limited ("Aquarius"). Mr. Wang Jingbo is the director of Aquarius and holds a 9% equity interest in Aquarius. On 28 September 2017, the board of directors approved the cancellation and forfeiture of relevant 100,000,000 unpaid preferred shares and reversed the above receivable due from Aquarius.

(iii) During the year ended 31 March 2018, total number of 2,647,909,199 preferred shares have been converted into 2,647,909,199 ordinary shares of the Company.

(iv) On 22 January 2018, the Company issued a total of 1,485,000,000 ordinary shares at an aggregate subscription price of HK$1,485 million for cash.

(v) During the year ended 31 March 2019, the Company repurchased its own shares on the Stock Exchange as follows:

Month/year	**Number of shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate price paid**
		HK$	*HK$*	*HK$'000*
July 2018	42,024,000	1.25	1.03	49,414
August 2018	4,576,000	1.25	1.20	5,594
	46,600,000			55,008

All the repurchased shares were cancelled by the Company upon such repurchase and, accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. The premium payable on the repurchase was charged against the share premium account.

BUSINESS REVIEW

The principal activities of the Company and its subsidiaries

The Company is an investment holding company and its principal activity is global energy assets investment and management. The principal activities of its subsidiaries and invested portfolios consist of upstream oil and gas business, LNG liquefaction and exporting, LNG importing, processing and sales, and LNG logistics services, as well as related energy investment fund management.

Summary of key investment portfolios

1. *Investment in upstream crude oil assets*

The Company had made an acquisition of an upstream crude oil asset in 2016 at favorable costs and completed the investment in another upstream shale oil project in 2017. Benefiting from the operation improvement and recovering of oil prices, the net present value of the oilfield assets increased significantly.

1.1 Hongbo Mining Investment

Hongbo Mining, one of the upstream portfolios, is the Company's wholly-owned subsidiary and is engaged in exploration, development, production and sale of crude oil in China. The Company completed the acquisition of Hongbo Mining in July 2016 at the consideration of RMB558.88 million (equivalent to approximately HK$652 million).

Under the exploration and production cooperation contract entered into between Hongbo Mining and Yanchang, Yanchang (as the mineral right owner) and Hongbo Mining (as the operator) cooperate to explore for crude oil in Block 212 and Block 378 which together cover a region of 591 km^2 in Inner Mongolia; and Hongbo Mining and Yanchang are entitled to 80% and 20% of the sale proceeds (net of any sales related taxes), respectively. Block 212 had obtained from the Ministry of Land and Resources of the People's Republic of China a 15-year valid production permit covering Unit 2, Unit 19 and other areas in May 2017. Besides, Block 212 and Block 378 are entitled to exploration permit which are renewable for a term of two years after expiration. The current exploration permit in respect of Block 212 expired on 5 March 2019 with the new exploration permit being applied and processed by the Ministry of Natural Resources of the People's Republic of China, and the current exploration permit in respect of Block 378 will expire on 9 November 2019.

Starting from FY2017, the upstream oil industry experienced a substantial business cyclical upturn. Oil price experienced a significant recovery during the first three quarters of 2018, with Brent average priced at US$71.06/bbl and surpassing US$76/bbl in early October and reaching levels that had not been seen since 2014. The price was not stable throughout FY2018, which quickly reversed in the fourth quarter of 2018 but edged back up in early 2019 with average price of US$63/bbl for the first quarter of 2019. In view of the optimistic oil price trend at the beginning of 2018, Hongbo Mining drilled 13 wells as planned during FY2018 (including 3 wells drilled from the end of March 2018), among which, 12 wells had been completed and had achieved the anticipated target formations with a success rate of 100%, and the remaining 1 was pending for completion.

As a result, in FY2018, Hongbo Mining's oil production volume increased by approximately 6.8% to approximately 387,513 barrels; gross and net oil sales volume increased by approximately 9.3% to approximately 390,479 barrels and 312,384 barrels, respectively, and gross revenue (equals to the net revenue from sale of crude oil plus the share of 20% crude oil attributable to Yanchang) and net revenue from sales of crude oil increased by approximately 36.2% to approximately HK$210.0 million and HK$168.0 million, respectively, as compared with FY2017.

The average unit production cost decreased by HK$11 per barrel, or approximately 4.4%, from approximately HK$252 per barrel (equivalent to US$32.3 per barrel) in FY2017 to approximately HK$241 per barrel (equivalent to US$30.7 per barrel) in FY2018 due to continuous cost control and performance improvement. Besides, as the industry recovers, normally the cost of various operation services will also increase. Accordingly, the average unit production cost before depreciation and amortization increased by HK$10 per barrel, or approximately 9.7%, from HK$103 per barrel (equivalent to US$13.1 per barrel) in FY2017 to HK$113 per barrel (equivalent to US$14.4 per barrel) in FY2018.

The following table provides a recap of Hongbo Mining's key operational metrics and product prices for the periods indicated.

	Year ended 31 March	
	2019	2018
Average daily gross production volume *(barrels)*	**1,076**	1,007
Average daily gross sales volume *(barrels)*	**1,085**	993
Average unit production cost before depreciation and amortisation *(HK$ per barrel)*	**113**	103
Average unit production cost *(HK$ per barrel)*	**241**	252
Average unit selling price *(HK$ per barrel)*	**518**	432

The summary of Hongbo Mining's exploration and development expenditures incurred is as follows:

	Summary of expenditures incurred for the year ended 31 March			
	2019		2018	
	Number	**Cost** *(HK$'000)*	Number	Cost *(HK$'000)*
Wells drilled during the year				
Oil producers *(Note)*	**13**	**61,104**	22	87,092
Total	**13**	**61,104**	22	87,092
Fracturing workover	**4**	**2,453**	–	–
Geological and geophysical costs	**–**	**2,029**	–	1,343

Note: In FY2018, Hongbo Mining had successfully drilled 13 wells. As at 31 March 2019, 12 of them had been completed and the remaining 1 was pending for completion.

Based on the reserves estimates as at 31 March 2019 as reviewed by independent technical consultants, the net 1P reserves of Hongbo Mining were 9.1 million barrels at stock tank conditions ("MMstb"), representing a slight decrease of 7.1% from the net 1P reserves as at 31 March 2018; the net 2P reserves were 15.3 MMstb, representing a slight decrease of 1.3% from the net 2P reserves as at 31 March 2018. This is due to the fact that Hongbo Mining had not drilled any exploration well during FY2018, and thus there is no new reserves discovered. However, the PDP portion of the 1P as at 31 March 2019 (5.6 MMstb) increased by 7.7% comparing to the PDP reserve as at 31 March 2018 (5.2MMstb), which is due to the outstanding results generated from developing old areas.

The below are the summary and review of the reserves and resources of Hongbo Mining as at 31 March 2019 and 31 March 2018, as conducted by the independent technical consultants, Gaffney, Cline & Associates ("GCA"):

	As at 31 March 2019		As at 31 March 2018	
	Gross ***(MMstb)***	**Net** ***(MMstb)***	Gross *(MMstb)*	Net *(MMstb)*
Proved (1P)	**11.4**	**9.1**	12.3	9.8
Proved + Probable (2P)	**19.1**	**15.3**	19.4	15.5
Proved + Probable + Possible (3P)	**23.7**	**18.9**	26.6	21.3
Contingent resources (1C)	**2.1**	**1.6**	0.49	0.39
Contingent resources (2C)	**3.5**	**2.8**	0.71	0.57
Contingent resources (3C)	**5.6**	**4.5**	1.67	1.34
Prospective resources	**9.7**	**7.76**	9.7	7.76

Note: The reserve estimates and the future net revenue have been prepared in accordance with generally accepted petroleum engineering and evaluation principles set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers. Independent technical consultants used standard engineering and geosciences methods or a combination of methods, including performance analysis, volumetric analysis, and analogy, that it considered to be appropriate and necessary to classify, categorize, and estimate volumes in accordance with the 2007 PRMS (the Petroleum Resources Management System published by the Society of Petroleum Engineers, American Association of Petroleum Geologists, World Petroleum Council, and Society of Petroleum Evaluation Engineers in March 2007) definitions and guidelines. These reserve amounts are estimates only and should not be construed as exact quantities.

1.2 Stonehold Investment

The Company had widened its global footprint in the upstream oil sector by successfully completing the investment in Stonehold in September 2017.

Stonehold holds certain world-class unconventional shale oil and gas assets, covering approximately 23,754 gross acres (9,090 net acres) across Dimmit and La Salle counties in the Eagle Ford region of South Texas of the U.S.. The area of the target assets (the "Target Assets") is liquid-rich, and the majority of the reserves are crude oil and natural gas liquid. Based on the information provided by Stonehold, the Target Assets consist of 197 producing wells currently, and the total net production and revenue of the Target Assets for the 2018 were approximately 962,000 boe [Note] and US$48.2 million, respectively.

On 14 August 2017 (local time in Houston, Texas, the U.S.), the Company and Think Excel Investments Limited ("Think Excel"), a wholly-owned subsidiary of the Company, entered into the credit agreement (the "Credit Agreement") with Stonehold, pursuant to which, the Company and Think Excel have conditionally agreed to grant the Term Loan to Stonehold for the purpose of financing the acquisition of the Target Assets and the subsequent operations of such assets by Stonehold. Stonehold is a company wholly owned and solely controlled by Breyer Capital L.L.C.. The principal amount of the Term Loan shall not exceed (i) the initial payment with an amount of US$165.0 million (approximately HK$1,291.1 million) on 26 September 2017; (ii) thereafter, US$10 million (approximately HK$78.3 million); and (iii) any guarantee payment made by the Company and Think Excel to Stonehold in respect of the senior debt to be obtained from commercial bank(s). The unpaid principal amount from time to time shall bear interest at the rate of 8% per annum (after the making of or the allocation of any applicable withholding tax), with an additional interest of an amount equal to 92.5% of the disposal proceeds received or recovered by Stonehold in respect of disposal of the Target Assets after deducting outstanding principals and interests as well as relevant fees and expenses. The Term Loan shall be payable to the Company and Think Excel in full on the maturity date, which falls 10 years after 26 September 2017.

On the same date of the Credit Agreement, Stonehold entered into an acquisition agreement (the "Acquisition Agreement") with Stonegate Production Company, LLC ("Stonegate"), pursuant to which, Stonegate has conditionally agreed to sell and Stonehold has conditionally agreed to purchase the Target Assets. All Target Assets are non-operated oil and gas assets of Stonegate (the "Stonegate Acquisition").

On 26 September 2017 (local time in Houston, Texas, the U.S.), the initial payment of the Term Loan with an amount of US$165.0 million (approximately HK$1,291.1 million) under the Credit Agreement was released to Stonehold and the acquisition of the Target Assets by Stonehold from Stonegate was consummated in accordance with the terms of the Acquisition Agreement, and a subsequent payment of the Term Loan with an amount of US$5.0 million (approximately HK$39.0 million) has been released to Stonehold on 22 November 2017.

During 2018, oil market has shown a very positive sign of recovery with global inventory dropped below 5-year average. With the demand getting close to 100mbbl/day, the Company believes that the market has shifted into a balanced state with steadily growing price, which will create great value for upstream assets globally. Accordingly, Stonehold drilled more wells following the uprising oil price and effectively controlled the operation cost in order to turn more proved undeveloped ("PUD") reserves to proved developed producing ("PDP") reserves. Based on the information provided by Stonehold, efficient cost control has resulted in a cash cost, which includes all operating costs and general administrative expenses of below US$15.9 per boe for the Target Assets.

The income generated from the Term Loan in the form of interest income has provided the Company with a stable and considerable revenue with an amount of US$13.6 million in FY2018. In addition, the Company believes that any increase in the reserve and valuation of the Target Assets may increase the expected returns for the Shareholders upon disposal of the Target Assets by Stonehold in the future in an amount equivalent to 92.5% of any net disposal proceeds which will go to the Company under the Credit Agreement, and the corresponding estimated fair value gain as at 31 March 2019 is US$9.1 million.

For details of the Term Loan and the Credit Agreement, please refer to the announcements of the Company dated 15 August 2017, 27 September 2017 and 28 February 2018, and the circular of the Company dated 29 September 2017 published on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (http://www.hkexnews.hk/).

Note: The barrel of oil equivalent, an energy unit based on the level of energy released by one barrel of crude oil.

2. *Investment regarding LNG business along the value chain*

To roll out the existing strategies, the Company, through its subsidiaries, has also made reasonable expansion of the business portfolio and business model in order to capture the market opportunities and dynamics.

Since FY2017, the Company had stepped into the LNG industry with a focus on Chinese domestic market with the strong belief that natural gas will be the most attractive energy sector in China. The natural gas market in China has grown continuously in 2018, and the annual consumption increased by 18.1% as compared to 2017. On the supply side, natural gas imports increased by 31.9% while domestic production increased 7.5% as compared to 2017. The Company will continuously search for investment opportunities in order to capture the opportunities brought by the growing Chinese natural gas market.

2.1 JOVO Investment

On 28 July 2017, Valuevale Investment Limited, a wholly-owned subsidiary of the Company, completed the subscription of shares allotted and issued by 江西九豐能源有限公司(Jiangxi Jovo Energy Company Limited*) ("JOVO"), which is principally engaged in clean energy businesses, including importing, processing and sale of LNG and liquefied petroleum gas ("LPG") in China, at the consideration of RMB100 million (equivalent to approximately HK$115.2 million).

According to the information provided by JOVO, JOVO's operational performance remained robust in 2018, with its sales volume and revenue increased stably as compared to 2017. As for LNG imports, JOVO delivered more than 1 million tons to end-users which represents another big jump on a year-to-year basis. As the first non-state-owned LNG receiving terminal operator in China, JOVO has benefited from China's coal-to-gas conversion program and this trend is still continuing in the coming years. JOVO's LNG terminal has a nameplate capacity of 2 mmtpa and, through efficiency improvement, the terminal is steadily reaching its capacity. In the winter of 2018, LNG spot market JKM price dropped to the $4-5/mmbtu range but the LNG price in China stayed at $10/mmbtu above. Unlike other terminal operators who have been filled up with long term contracts, JOVO has excess capacity to capitalize this price dislocation opportunity.

In September 2018, JOVO filed application for its initial public offering (IPO) in China, which the Company believes will not only provide good returns for its shareholders, but also elevate the investment of the Company to a new level. JOVO plans to use proceeds from IPO to purchase two state-of-art mid-size LNG vessels. This will further expand its LNG business in terms of volume and coverage area, and will position JOVO in a very competitive place in a more flexible LNG trading world.

The Company strongly believes that JOVO's performance is in line with its expectation and the high demand of gas supply in China will keep JOVO growing at a fast speed. Also, being internationally recognized, JOVO is expanding its business to South East Asian region and trying to apply its successful business model over there.

2.2 GNL Quebec Investment

On 30 November 2017, the Company, through its subsidiary, entered into an agreement of purchase and sale with an investment fund for purchasing its interests in GNL Quebec at the purchase price of US$3.15 million (equivalent to approximately HK$24,633,000). On 26 July 2018, the Company made a subsequent investment of US$1 million (equivalent to approximately HK$7,800,000) to support the project's ongoing development. The Company holds minority interest in GNL Quebec.

According to the information provided by GNL Quebec, GNL Quebec, through its wholly-owned subsidiary, is developing a state-of-the-art and low-carbon-emission LNG exporting terminal (the "Terminal") project with a maximum nameplate liquefaction capacity of up to 11 million tons per annum, which is one of the largest Canadian LNG export terminals under development, and a 750-km natural gas pipeline (the "Pipeline") to connect the Terminal to TransCanada's Canadian Mainline in Eastern Ontario. The Terminal is designed to receive, liquefy and export up to 1.55 billion standard cubic feet of natural gas per day (equivalent to approximately 15.4 billion cubic meters per year) from gas supply sources in North America and is well-located to deliver cost-competitive LNG to Asia, Europe and South America, etc.

The project of the Terminal has continued to make positive progress on key milestones to increase momentum and advance towards FID. It has advanced its technical/regulatory process, upstream gas supply sourcing and downstream LNG marketing engagement. The Pipeline project is also making key milestones towards the development of the Terminal project. The Company believes that, with the additional facilitation of Pipeline project, GNL Quebec will have a more competitive source of natural gas supply.

Construction of the Terminal and the Pipeline is expected to start in the first and third quarter of 2021, respectively.

2.3 LNGL Investment

On 13 June 2018, the Company, through its subsidiary, completed the subscription for 56,444,500 shares allotted and issued by LNGL, a company principally engaged in developing LNG export terminal projects in the U.S. and in Canada, at an aggregate subscription price of A$28.2 million (equivalent to approximately HK$166.8 million). Upon completion of the LNGL Investment, the Company held a 9.9% equity interest in LNGL and became its second largest shareholder. The LNGL Investment monies were principally used to support the ongoing downstream LNG offtake marketing efforts focusing on the Magnolia LNG project of LNGL and for general corporate purposes.

According to the information provided by LNGL, the Magnolia LNG project, located in Lake Charles of Louisiana, the U.S., with planned capacity of 8.8 mmpta, is recognized as one of the most viable greenfield LNG projects in the U.S.. The project has obtained all required permits and approvals from U.S. Federal Energy Regulatory Commission and U.S. Department of Energy. LNGL continued its emphasis on signing long-term offtake contracts for Magnolia LNG project while ensuring that its best-in-class project execution and delivery strategy is fully ready to meet customer needs arising in the LNG market. Most LNG industry participants are bullish on the prospects for execution of new long-term offtake agreements in 2019. Consistent with this thesis, active negotiations for Magnolia LNG capacity continue with focus on Asian and European customers.

On 31 December 2018, Magnolia LNG filed an application with the U.S. DOE Office of Fossil Energy to increase the quantity of authorized exports of domestically produced LNG to nations with and without a free-trade agreement to 8.8 mmtpa, up from the current 8.0 mmtpa approved level.

The Company believes that the Magnolia project is very market competitive in terms of pricing. Along with proper execution and delivery strategy, mature regulatory status, and financing plans, the Magnolia LNG project presents buyers with a very attractive commercial opportunity against other projects.

2.4 JUSDA Energy Investment

On 25 September 2018, the Company, through one of its wholly-owned subsidiaries, has entered into the JV Agreement with JUSDA and the Management, in relation to the formation of JUSDA Energy, to be engaged in LNG logistics services. The Company made contribution of RMB39,000,000 (equivalent to approximately HK$43,937,000) to JUSDA Energy pursuant to the JV Agreement and the completion of such investment took place on 21 December 2018. The Company will hold a 39% equity interest upon completion of all equity contribution in JUSDA Energy.

JUSDA Energy will benefit from the extensive network of natural gas resources of the Company, which will give its customers access to LNG resources in the North America and the Asia Pacific Region. JUSDA, as the sole logistics chain management platform designated under Foxconn Technology Group, has a wide container transportation network and strong bargaining power among the industry, which will provide strong support to JUSDA Energy in improving its LNG logistics services and reducing relevant costs.

JUSDA Energy's business plan has been successfully executed after its formulation, and JUSDA Energy has started to provide stable logistic services to customers. The recent performance of the business volume showed its potential of fast expansion in near future. The Company believes the business model of JUSDA Energy is very competitive since there is a lack of logistic services for small scale LNG trading in the market.

The Company believes the existing investments perfectly match the business strategy of the Company and have achieved the first step of the key layout of natural gas import and export, and will bring the Company not only good financial returns but also great competitive advantages to participate in the opportunity of satisfying the rapidly growing need for natural gas in China.

The Company will continue to look for opportunities to invest in other LNG projects worldwide with a view to enhancing the Company's asset portfolio and overall investment return.

For details of the above transactions, please refer to the Company's voluntary announcements dated 17 July 2017, 31 July 2017, 8 February 2018, 4 June 2018, 13 June 2018, 25 September 2018 and 24 December 2018 published on the website of the Stock Exchange (http://www.hkexnews.hk).

Management of Energy Investment Fund

On 20 November 2018, as a significant step and part of its principal activity of global energy assets investment and management, the Company and its subsidiary set foot in energy investment funds management through entering into the Framework Agreement with Jereh, for cooperation on the establishment, operation and management of the Energy Investment Fund. Jereh, listed on the Shenzhen Stock Exchange (Stock code: 002353), is an international group specializing in equipment manufacturing, oil and gas engineering and construction and oilfield technology services.

Rongtai Investment Management, incorporated in the PRC and a wholly-owned subsidiary of the Company, will be responsible for the operation and management of the Energy Investment Fund, including fund raising, investments and information disclosure, etc. Rongtai Investment Management is a private equity and venture capital fund manager registered with the Asset Management Association of China (中國證券投資基金業協會) specializing in private equity fund establishment and investment management in the energy industry.

The Energy Investment Fund will be primarily focusing on investments along China's natural gas value chain as well as other energy-related industries. Pursuant to the Framework Agreement, the expected size of the Fund is RMB3 billion to RMB5 billion, where Jereh, as a cornerstone investor, proposes to make a capital contribution of RMB1 billion, subject to the entering into of formal fund documents by Jereh and other prospective investors and the completion of all approval procedures by Jereh pursuant to applicable laws and constitutional documents.

The establishment of the Energy Investment Fund will allow both parties to explore projects with promising investment returns in energy industries. The Company believes that Jereh's in-depth knowledge in energy related industries will help the Fund to maximize returns of investments. And the Company will expand its energy investment fund management, which can zoom in the scale of energy investment and create various type of revenue for the Shareholder.

For details of the above transaction, please refer to the announcement of the Company dated 30 November 2018 published on the website of the Stock Exchange (http://www.hkexnews.hk).

Use of proceeds from the Subscription and the Convertible Note Subscription

On 29 July 2016 (the "Completion Date"), the Company completed the reverse takeover transaction (the "RTO") which involved, among others, the acquisition by the Company of the entire equity interest of Hongbo Mining (the "Acquisition"), with Titan Gas Technology Investment Limited ("Titan Gas") becoming the majority shareholder of the combined group as a result. Hongbo Mining is treated as the acquirer for accounting purpose. Accordingly, the financial statements of the Company have been consolidated with those of Hongbo Mining since the Completion Date and the consolidated financial statements of the Company have been presented as a continuation of the financial statements of Hongbo Mining.

On the Completion Date, the Company completed, among others, the following transactions:

1. a subscription of certain ordinary shares and preferred shares issued by the Company to Titan Gas and other subscribers (the "Subscription"); and

2. a subscription of certain convertible note issued by the Company to League Way Ltd. (the "CN Subscription").

The following table summarizes the intended use of proceeds and the actual use of proceeds as at 31 March 2019.

Transaction	**Gross proceeds** *HK$ million*	**Amount received as at 31 March 2019** *HK$ million*	**Amount receivable as at 31 March 2019** *HK$ million*	**Intended use of proceeds as disclosed in the RTO Circular**	**Intended use of proceeds (after the change as announced on 8 March 2017 and the further change as announced on 27 September 2017)**	**Actual use of proceeds as at 31 March 2019**
Subscription	2,690	2,626 *(Note 1)*	Nil *(Note 1)*	– approximately HK$60 million for the payment of the transaction expenses;	– approximately HK$66 million for the payment of the transaction expenses;	– approximately HK$66 million was used to settle the payment of the transaction expenses;
				– approximately HK$665 million for the payment of the consideration for the acquisition of the entire equity interest of Hongbo Mining;	– approximately HK$652 million for the payment of the consideration for the Acquisition;	– approximately HK$652 million was used to settle the payment of the consideration for the Acquisition;
				– approximately HK$400 million to finance the repayment of Hongbo Mining's outstanding payables and borrowings;	– approximately HK$400 million to finance the repayment of Hongbo Mining's outstanding payables and borrowings;	– approximately HK$376 million was used for repayment of Hongbo Mining's outstanding payables and borrowings;
				– approximately HK$800 million to finance the development plan of the currently explored areas in Block 212;	– approximately HK$800 million to finance the development plan of the currently explored areas in Block 212 *(Notes 1 and 2)*;	– approximately HK$194 million was used for the development work in Block 212 *(Note 1)*;

Transaction	Gross proceeds *HK$ million*	Amount received as at 31 March 2019 *HK$ million*	Amount receivable as at 31 March 2019 *HK$ million*	Intended use of proceeds as disclosed in the RTO Circular	Intended use of proceeds (after the change as announced on 8 March 2017 and the further change as announced on 27 September 2017)	Actual use of proceeds as at 31 March 2019
				– approximately HK$450 million for exploration and development of other areas in Block 212;	–	–
				– approximately HK$115 million to finance the operating expenses of Hongbo Mining as well as the Company and its subsidiaries; and	– approximately HK$111 million to finance the operating expenses of Hongbo Mining as well as the Company and its other subsidiaries *(Note 2)*; and	– approximately HK$69 million was used for the general working capital of the Company and its subsidiaries;
				– approximately HK$200 million for expanding the business of the Company and its subsidiaries by acquiring other oil companies and the further exploration, development and production of the other newly acquired oil and gas projects.	– approximately HK$661 million for expanding the business of the Company and its subsidiaries through investments in other oil and gas companies or projects *(Note 2)*.	– Approximately HK$661 million, together with HK$465 millions from unutilized proceeds of development of Unit 2 and Unit 19 of Block 212, totaling HK$1,126 million was used in respect of the provision of the Term Loan *(Note 2)*; and
						– approximately HK$119 million from unutilized proceeds of development of Unit 2 and Unit 19 of Block 212 and working capital was used for the subscription of shares in Jovo and the transaction expenses.

Transaction	Gross proceeds *HK$ million*	Amount received as at 31 March 2019 *HK$ million*	Amount receivable as at 31 March 2019 *HK$ million*	Intended use of proceeds as disclosed in the RTO Circular	Intended use of proceeds (after the change as announced on 8 March 2017 and the further change as announced on 27 September 2017)	Actual use of proceeds as at 31 March 2019
CN Subscription	250 (being the principal amount of the convertible note)	250	Nil	– approximately HK$200 million to expand the business of the Company and its subsidiaries by acquiring other oil companies and the further exploration, development and production of the other newly acquired oil and gas projects; and	– approximately HK$200 million to expand the business of the Company and its subsidiaries by investment in other oil and gas companies or projects *(Note 2)*; and	– approximately HK$200 million was used in respect of the provision of the Term Loan *(Note 2)*; and
				– approximately HK$50 million to finance the operations of Hongbo Mining and to be used as general working capital of the Company and its subsidiaries.	– approximately HK$50 million to finance the operations of Hongbo Mining and to be used as general working capital of the Company and its subsidiaries.	– approximately HK$50 million was used for the general working capital of the Company and its subsidiaries.

Notes:

1. On 29 July 2016, as part of the Subscription, the Company issued a total number of 443,369,176 preferred shares to Aquarius Growth Investment Limited ("Aquarius Investment") (the "Aquarius Subscription"), among which, 343,369,176 preferred shares were fully-paid and 100,000,000 preferred shares were partially-paid (the "Unpaid Preferred Shares"). With respect to the Unpaid Preferred Shares, Aquarius Investment partially paid an amount of HK$3,348,000 (the "Partial Paid Amount") and an outstanding amount of HK$63,612,000 remained unpaid, which became due and payable on 28 July 2017. On 28 September 2017, the Unpaid Preferred Shares, i.e., the whole of the 100,000,000 preferred shares, with the amount of HK$66,960,000 were forfeited and cancelled. As agreed by the Company and Aquarius Investment, the Partial Paid Amount will not be refunded to Aquarius Investment and the Board has sole discretion on the use of the Partial Paid Amount. In light of such shortfall in the amount of proceeds received as compared to that contemplated at the time of the Subscription, taking into account the actual utilization of proceeds and the circumstances of the operations of the Company and its subsidiaries, the Company has decided that a total amount of HK$736.39 million from the proceeds, being HK$800 million minus HK$63.61 million, be used to finance the development plan of the currently explored areas in Block 212. As at 31 March 2019, save for the amount of HK$63,612,000 with respect to the aforesaid cancelled and forfeited preferred shares, the Company had received all proceeds from the Subscription.

2. As disclosed in the section headed "Stonehold investment", on 14 August 2017 (local time in Houston, Texas, the U.S.), the Company and Think Excel, a wholly-owned subsidiary of the Company, entered into the Credit Agreement with Stonehold, pursuant to which, the Company and Think Excel have conditionally agreed to grant the Term Loan to Stonehold. In order to finance the Term Loan under the Credit Agreement, the Company has made the following arrangements for the use of proceeds (after the reallocation as announced on 8 March 2017):

   (1) extended the use of "Acquisition and development of other oil and gas companies or projects" to "Investment in other oil and gas companies or projects, including but not limited to acquisition and development, equity or debt investment and other forms of investment that the Company considers appropriate and in line with the Company's business strategy"; and

   (2) temporarily used the unutilized proceeds of (i) an amount of HK$532 million planned to be used for the development of Unit 2 and Unit 19 of Block 212 which was not required for any then immediate use and (ii) an amount of HK$60.5 million planned to be used as working capital which was not required for any then immediate use for making the payment under the Term Loan on closing of the Stonegate Acquisition. The Term Loan has been generating a stable and considerable interest income, part of which had been used to replenish the aforesaid proceeds.

As at 31 March 2019, an aggregate amount of HK$2,852 million of the proceeds from the Subscription and the CN Subscription had been utilized and there was an unutilized amount of HK$24 million, which the Company intends to utilize pursuant to the intended use of proceeds (after the change as announced on 8 March 2017 and the further change as announced on 27 September 2017) as set above in upcoming financial years. The Company will, from time to time, taking into account the investment opportunities arising from domestic and overseas markets, assess and evaluate the business needs of the Company and its subsidiaries and the optimal plan for allocation and deployment of the financial resources of the Company and its subsidiaries to strengthen the efficiency and effectiveness of the use of proceeds, including, but not limited to, making further change to the intended use of proceeds as and when appropriate.

For further details of the change in use of proceeds, the entering into of the Credit Agreement and the further change in use of proceeds, please refer to the section headed "Stonehold Investment" and the announcements of the Company dated 8 March 2017, 15 August 2017, 27 September 2017 and 28 February 2018 respectively published on the website of the Stock Exchange (http://www.hkexnews.hk/).

For further details of the Subscription and the CN Subscription, please refer to the RTO Circular and the Company's announcement dated 29 July 2016 published on the website of the Stock Exchange (http://www.hkexnews.hk/).

For further details of the Aquarius Subscription, please refer to the Company's announcements dated 27 October 2015, 20 November 2015, 28 January 2016 and 23 March 2016 respectively, in relation to, among others, the amendments of the subscription agreement entered into between the Company and Aquarius Investment, as one of the subscribers, on 22 June 2015, and the RTO Circular published on the website of the Stock Exchange (http://www.hkexnews.hk/).

Use of proceeds from the Foxconn Subscription

On 22 January 2018, the Company received an aggregate subscription price of HK$1,485 million from Foxconn Technology Pte. Ltd., High Tempo International Limited, World Trade Trading Limited, Q-Run Holdings Limited, and Q-Run Far East Corporation (collectively known as the "Foxconn Subscribers") and issued to each of the Foxconn Subscribers 297,000,000 subscription shares at the subscription price of HK$1.00 per subscription share totalling 1,485,000,000 subscription shares in accordance with the terms and conditions of the subscription agreement (the "Foxconn Subscription").

For details of the Foxconn Subscription, please refer to the announcements of Company dated 13 December 2017 and 22 January 2018 and the circular of the Company dated 23 December 2017 published on the website of the Stock Exchange (http://www.hkexnews.hk/).

The gross proceeds from the Foxconn Subscription are HK$1,485 million. The net proceeds from the Foxconn Subscription (after deducting the expenses incurred in the Foxconn Subscription) are approximately HK$1,483 million.

The Company intends to use and has used the net proceeds from the Foxconn Subscription as follows:

(i) as to approximately HK$1,100 million for potential investment in or acquisition of targets in the natural gas industry along the value chain, both in China and in North America (including but not limited to LNG export terminal projects in Canada, LNG receiving terminal projects in China, companies engaged in importing, processing and sale of LNG, and city gas companies or natural gas distribution companies in China), among which HK$342 million had been utilized for investments in the natural gas industry as at 31 March 2019;

(ii) as to approximately HK$300 million to expand the business of the Company through investments in upstream shale gas and/or shale oil assets or projects overseas, especially within high quality basins in North America, which had not been utilized as at 31 March 2019; and

(iii) as to approximately HK$83 million to other investments for the future development that is in line with the business strategies of the Company, which had not been utilized as at 31 March 2019.

As at 31 March 2019, an aggregate amount of HK$342 million had been utilized for investments in the natural gas industry pursuant to the intended use. As for the remaining unutilized amount of HK$1,141 million the Company intends to follow abovementioned intended uses in the upcoming financial years. The Company will, from time to time, after taking into account the investment opportunities, the business needs and the optimal plan for financial resources allocation, strengthen the efficiency and effectiveness of the use of proceeds and make further announcements as and when appropriate.

OUTLOOK

The Company is committed to achieving superior risk-adjusted returns, through privately negotiated investments in the energy sector, with dedicated investment professionals focusing exclusively on energy but analyzing opportunities across sub-sectors, geographies, and the capital structure. The Company strives to leverage its expertise to build differentiated businesses in the energy value chain where it believes to be valuable. The Company's current investment portfolios are primarily in the upstream crude oil assets and LNG business of the energy industry.

The oil price experienced a significant recovery in the first three quarters of 2018. The average price of Brent crude oil during the period was US$71.06/bbl and even exceeded US$76/bbl in early October, the highest level since 2014. This increase in price was driven by the balancing effect of the supply and demand in the oil market. However, the oil price was not very stable throughout FY2018, which fell rapidly in the fourth quarter of 2018 before rebounding slightly in early 2019. Given the global economic volatility and the risk of oversupply in the market, the Company believes that the market will continue to be volatile in 2019. With OPEC now re-considering cutting oil production in June and the U.S. beginning to export crude oil to the global market, the Company's view of the oil price for 2019 is rather convoluted. Nevertheless, the Company will continue to implement its hedging strategy when the market is favorable so as to ensure that it can provide cash flow to the investors when oil prices fall, while still be able to benefit from the possible rise in oil prices.

The Company's upstream portfolio investments benefited from a bullish market environment and continued to perform well operationally. The Company will continue to focus on improving shareholder value in the following two ways. First, the Company is committed to driving operational improvement and seeking attractive growth opportunities for its upstream portfolio investments. Secondly, the Company shall pay close attention to the market environment and consider potentially exiting its mature investments so as to seize opportunity and realize value.

As for the global LNG market, it continued to strengthen in 2018 with the delivery volume reaching 319 million tons, an increase of 27 million tons as compared to 2017. Japan remains the world's largest importer of LNG, followed by China and Korea. China again shows a strong increase in demand for natural gas, which accounted for more than 40 billion cubic metres (BCM) in growth. The LNG price in China in the winter of 2018 was not as bullish as in 2017 which is because Chinese buyers had secured enough spot contracts before the winter to meet the peak downstream needs. The Company believes this reasonable pricing environment is good for market development. However, as the market becomes tighter in 2020 which means the market will be lack of flexible spot cargos, the Company believes that Chinese buyers will need to secure more long-term contracts in order to meet the demand increase in coming years.

The Company once again emphasized that its strategy focus is on the LNG sector. The Company's investment strategy is to grasp the huge opportunity arising from China's growing demand for imported LNG supplied from the North America market, which is rich in low-cost shale gas. While it continues to look for investment opportunities along the LNG value chain, the Company expects next year will be a good time for it to create synergies among its invested companies. The Company will continue to, through its investments, supply LNG for the Chinese market. In addition, the Company wishes to expand its investment and replicate its successful business model to regions that are similar to China.

Despite its solid cash position, the Company will also explore suitable capital raising channels, including leveraging both equity and/or debt markets, as well as other financing possibilities. At the end of 2018, the Company and its subsidiary set foot in energy investment funds management by entering into a framework agreement with Jereh, to cooperate in the establishment, operation and management of an energy investment fund. With the set up of the energy investment fund, the prospect of the Company remains promising as it expects new limited partners to join and fundraising activities to be carried out in the 2019 financial year of the Company.

It's worth reflecting on the Company's longer term performance, as the energy industry has faced an incredibly tumultuous time in recent years, with highly volatile commodity prices and dynamic geopolitical environment. The Company's investment strategy has allowed the Company to exploit opportunities arising from industry's distress. Also, the Company is of the view that the energy sector, by its very nature, is a favorable choice for the Company to achieve long-term sustainable growth and prosperity.

The Company believes that it is well positioned for rapid development when attractive investment assets become available. The Company will endeavor to present unique investment opportunities for its Shareholders to gain exposure to a diversified, top quality global energy asset portfolio and strive for substantial returns.

FINANCIAL RESULTS REVIEW

Revenue from sales of goods

The revenue from sales of goods represents the crude oil net sales from Hongbo Mining, a wholly-owned subsidiary of the Company. It increased by HK$44.6 million, or 36.2%, from HK$123.4 million in FY2017 to HK$168.0 million in FY2018.

The increase was mainly due to the increase in crude oil prices and Hongbo Mining's net sales volume. Hongbo Mining's crude oil is priced mainly with reference to Brent Crude oil prices. The average Brent Crude oil price in FY2018 increased to approximately HK$550 per barrel as compared to approximately HK$450 per barrel in FY2017. The average unit selling price of Hongbo Mining's crude oil increased to approximately HK$518 per barrel in FY2018 from HK$432 per barrel in FY2017, which was consistent with the trend of global oil prices. Hongbo Mining's net sales volume increased to approximately 312,384 barrels in FY2018 from approximately 285,910 barrels in FY2017, which was mainly due to new wells drilled and the impact of fracture in FY2018. For further details on the increase of the production volume, please refer to "Business Review – Hongbo Mining Investment".

Cost of sales of goods

Cost of sales of goods represents the crude oil sales cost from Hongbo Mining, which only increased by approximately HK$2.1 million, or approximately 2.3%, from approximately HK$91.2 million in FY2017 to approximately HK$93.3 million in FY2018 with the gross production volume and gross sales volume of Hongbo Mining in FY2018 increased by 24,831 barrels and 33,092 barrels, or approximately 6.8% and 9.3%, respectively, as compared with that in FY2017.

The average unit production cost decreased by HK$11 per barrel, or approximately 4.4%, from approximately HK$252 per barrel (equivalent to US$32.3 per barrel) in FY2017 to approximately HK$241 per barrel (equivalent to US$30.7 per barrel) in FY2018 due to continuous cost control and performance improvement. Besides, as the industry recovers, normally the cost of various operation services will also increase. Accordingly, the average unit production cost before depreciation and amortization increased by HK$10 per barrel, or approximately 9.7%, from HK$103 per barrel (equivalent to US$13.1 per barrel) in FY2017 to HK$113 per barrel (equivalent to US$14.4 per barrel) in FY2018.

Investment income

Investment income (excluding exchange gain/loss) mainly includes 1) the returns from the Term Loan granted to Stonehold on 26 September 2017, who holds the unconventional shale oil and gas assets in the Eagle Ford core region in the U.S, amounting to approximately HK$178.1 million, which primarily in the form of interest income (at the rate of 8% per annum) and other fair value gain (entitlement to an amount equivalent to 92.5% of the net disposed proceeds); 2) the fair value gain of approximately HK$9.7 million from other investments; and 3) the fair value loss resulting from the stock price changes of approximately HK$14.5 million from the LNGL investment. Besides, the Company recorded exchange loss of approximately HK$14.1 million for all investments.

Administrative expenses

Administrative expenses decreased by approximately HK$7.0 million, or approximately 9.5%, from HK$73.8 million in FY2017 to HK$66.8 million in FY2018. The decrease in administrative expenses was primarily due to the cost control from the Company.

Taxes other than income tax

Taxes other than income tax increased by approximately HK$6.9 million, or approximately 83.8%, from approximately HK$8.2 million in FY2017 to approximately HK$15.1 million in FY2018, which was mainly due to (i) the increase in resources tax levied on the sale of crude oil attributable to the revenue growth of Hongbo Mining, and (ii) the accrual for petroleum special profit taxation attributable to the oil prices accessing US$65 per barrel.

Exploration expenses, including dry holes

The exploration expense increased by approximately HK$0.7 million, or approximately 51.1%, from approximately HK$1.3 million in FY2017 to approximately HK$2.0 million in FY2018, which was mainly due to the increase of exploration activities.

Net finance income/(costs)

The Company and its subsidiaries recorded finance income of approximately HK$24.3 million in FY2017 and approximately HK$34.9 million in FY2018, the increase of the finance income was primarily due to the increase of bank interest income from the abundant cash owned by the Company, especially after the Foxconn Subscription. The Company and its subsidiaries also recorded finance costs of approximately HK$23.0 million in FY2017 and approximately HK$153.5 million in FY2018, and the increase was primarily due to the Convertible Note Redemption in FY2018.

Profit before taxation

Profit before taxation significantly increased by approximately HK$11.2 million from approximately HK$24.3 million in FY2017 to approximately HK$35.5 million in FY2018, which was primarily due to the cumulative effects of factors as discussed above in this section.

Income tax

Income tax changed from a deferred tax expense of approximately HK$9.8 million in FY2017 to a deferred tax expense of approximately HK$8.1 million in FY2018. The change was mainly due to the movements of the deferred tax assets and liabilities arising from the temporary differences of the provision for abandonment, depreciation of oil and gas properties of Hongbo Mining, amortisation of intangible assets and accrued expenses.

Profit for the year

The profit for the year significantly increased by HK$12.9 million from approximately HK$14.5 million in FY2017 to approximately HK$27.4 million in FY2018, which was primarily due to the cumulative effects of factors as discussed above in this section.

EBITDA

The management of the Company prepared a reconciliation of EBITDA to profit/loss before taxation, its most directly comparable financial performance measures calculated and presented in accordance with financial reporting standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants. EBITDA refers to earnings before interest expenses, income tax, depreciation and amortisation.

The management of the Company believes that EBITDA is a financial measure commonly used as supplemental financial measures by the management of the Company and by investors, research analysts, bankers and others to assess the operating performance, cash flow, return on capital and the ability to take on financing of the Company and its subsidiaries as compared to those of other companies. However, EBITDA should not be considered in isolation or construed as alternatives to profit from operations or any other measure of performance or as an indicator of the operating performance or profitability of the Company and its subsidiaries. EBITDA fails to account for income tax, interest expenses, depreciation and amortisation.

The following table presents a reconciliation of EBITDA to profit before taxation for the periods indicated.

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Profit before taxation	**35,482**	24,323
Add: Interest expenses	**149,336**	20,818
Add: Depreciation and amortisation	**51,818**	56,515
EBITDA	**236,636**	101,656

The EBITDA changed from HK$101.7 million in FY2017 to HK$236.6 million in FY2018. The significant increase of EBITDA is primarily attributable to (i) the increase of sales volume and the recovery of crude oil prices started from the second half of 2017, which led to an increase in the revenue of Hongbo Mining, a wholly-owned subsidiary of the Company, and (ii) the return on the investment regarding upstream oil and gas assets, in the form of interest income and other fair value change gain from the Term Loan granted to Stonehold, which holds unconventional shale oil and gas assets in the Eagle Ford core region in the U.S.

LIQUIDITY AND FINANCIAL RESOURCES

The Company and its subsidiaries finance their operations primarily through a combination of bank and other borrowings and proceeds from the Subscription, the CN Subscription and the Foxconn Subscription. For further details of use of proceeds from the Subscription, the CN Subscription and the Foxconn Subscription, please refer to "Business Review – Use of Proceeds from the Subscription and the CN Subscription" and "Business Review – Use of proceeds from the Foxconn Subscription" in this final results announcement.

The cash and cash equivalents are mostly denominated in US$, HK$ and RMB. As at 31 March 2019, the Company and its subsidiaries had unpledged cash and bank deposits of HK$1,191.5 million (31 March 2018: HK$1,786.4 million).

As at 31 March 2019, the Company and its subsidiaries had no outstanding loans (31 March 2018: Nil).

As at 31 March 2019, the Company had Convertible Bond with carrying amount of approximately HK$45.7 million (31 March 2018: HK$67.1 million). The aggregate principal amount of the Convertible Bond is HK$60.0 million, with maturity date of 30 April 2022 and payable at an interest rate of 1% per annum.

As at 31 March 2019, the Company had no Convertible Note (31 March 2018: HK$234.2 million). On 4 February 2019, the Company redeemed all of the outstanding Convertible Note, after which the Convertible Note was cancelled and the Company was discharged from all of its obligations under and in respect of the Convertible Note.

Save as the information disclosed above or otherwise in this final results announcement, the Company and its subsidiaries had no outstanding mortgage, pledge, debentures or other loan capital issued or agreed to be issued, bank overdrafts, borrowings, liabilities under acceptance or other similar liabilities, hire purchase and finance lease commitments, or any guarantees or other material contingent liabilities as at 31 March 2019.

The Company and its subsidiaries have not used any financial instrument to hedge potential fluctuation in interest rates and exchange rates.

As at 31 March 2019, the gearing ratio (ratio of the sum of total bank and other borrowings, Convertible Bond and Convertible Note to the total assets) was approximately 1.2% (31 March 2018: 7.1%).

MAJOR RISK MANAGEMENT

The market risk exposures of the Company primarily consist of oil price risk, currency risk, liquidity risk and interest rate risk.

Oil price risk

The principal activity of the Company is global energy assets investment and management. The principal activities of its subsidiaries and invested portfolios consist of upstream oil and gas business, LNG liquefaction and exporting, LNG importing, processing and sales, and LNG logistics services, as well as related energy investment fund management. Hongbo Mining, a wholly-owned subsidiary of the Company, is engaged in petroleum-related activities in the PRC. The Company also has the Term Loan granted to Stonehold, which is engaged in petroleum-related activities as well. Prices of crude oil are affected by a wide range of global and domestic political, economic and military factors which are beyond the control of the Company. A decrease in such prices could adversely affect the financial position of the Company and its subsidiaries. The Company actively used derivative instruments to hedge against potential price fluctuations of crude oil.

In FY2018, the Company purchased swaps and/or put options for part of the production of Hongbo Mining and Stonehold. Both the swaps and/or the put options place the Company in a hedged position, protecting the Company from a decline in the oil price over the stipulated period of time and preserving the value of the assets of Hongbo Mining and Stonehold. For details of hedging activities with respect to Stonehold's production, please refer to the announcement of the Company dated 3 April 2018 published on the website of the Stock Exchange (http://www.hkexnew.hk/). As at 31 March 2019, the Company did not hold any such swaps or put options.

Currency risk

The Company and its subsidiaries are exposed to currency risk primarily through overseas investment which gives rise to other receivables and cash balances that are denominated in a foreign currency, i.e., a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily HK$, US$, A$ and RMB.

The Company and its subsidiaries currently do not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Company and its subsidiaries will continue to monitor foreign exchange changes to best preserve the cash value.

Liquidity risk

The Company and its individual operating entities are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The policy of the Company and its subsidiaries is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Interest rate risk

The interest rate risk of the Company and its subsidiaries arises primarily from interest-bearing borrowings. The Company and its subsidiaries regularly review and monitor the mix of fixed and variable rate bank borrowings in order to manage the interest rate risks.

ACQUISITIONS AND DISPOSALS (INCLUDING ANY SIGNIFICANT INVESTMENTS)

Please refer to the section headed "Stonehold Investment" above for the Company's investment regarding certain oil and gas assets in the U.S. and the section headed "Investment regarding LNG business along the value chain" for the Company's investment regarding certain natural gas business in China and North America.

Save as disclosed above, the Company or its subsidiaries did not hold any significant investments in FY2018.

CHARGES ON ASSETS OF THE COMPANY AND ITS SUBSIDIARIES

As at 31 March 2019, the Company and its subsidiaries did not have any charges on assets (31 March 2018: Nil).

CONTINGENT LIABILITIES

So far as known to the Directors, as at 31 March 2019, there had been no litigation, arbitration or claim of material importance in which the Company or its respective subsidiaries was engaged or pending or which as threatened against the Company or its respective subsidiaries.

COMMITMENTS

Capital commitments

As at 31 March 2019, the Company and its subsidiaries had capital commitments of HK$26.5 million (31 March 2018: HK$23.2 million) contracted but not provided for the acquisition of property, plant and equipment.

Operating lease commitments

As at 31 March 2019, the Company and its subsidiaries had operating lease commitments as lessee of HK$5.7 million (31 March 2018: HK$0.4 million).

DIVIDEND

The Directors do not recommend the payment of a final dividend for FY2018 (FY2017: Nil).

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed in FY2018.

EMPLOYEES

As at 31 March 2019, the Company and its subsidiaries had 115 (31 March 2018: 113) employees in Hong Kong and the PRC. In FY2018, the total staff costs (including the directors' emoluments) amounted to HK$44.3 million (FY2017: HK$33.0 million). Employees' remuneration package was reviewed periodically and determined with reference to the performance of the individual and the prevailing market practices. Employees' remuneration package includes basic salary, year-end bonus, medical and contributory provident fund.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Audit Committee of the Company was established with written terms of reference in compliance with Rule 3.21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The primary duties of the Audit Committee, among other things, are to oversee the Company's financial report system, risk management and internal control procedures, provide advice and comments to the Board, and monitor the independence and objective of the external auditor. As at 31 March 2019, the Audit Committee of the Company comprises two independent non-executive Directors, namely Mr. Chau Shing Yim David (Chairman) and Mr. Shi Cen, and one non-executive Director, namely Mr. Lin Dongliang.

As at 31 March 2019, the Audit Committee has reviewed with management of the Company the accounting principles and practices adopted by the Company and discussed the risk management and internal controls and financial reporting matters, including a review of the consolidated financial statements and the annual report of FY2018.

CHANGE OF COMPANY NAME AND LOGO

The English name of the Company has been changed from "IDG Energy Investment Group Limited" to "IDG Energy Investment Limited" and the Company has adopted "IDG能源投資有限公司*" as the Chinese name of the Company to replace the Chinese name "IDG能源投資集團有限公司*" for identification purpose only. The change of name of the Company was approved by the Shareholders at the special general meeting of the Company by way of a special resolution on 9 July 2018 and was approved by the Registrar of Companies in Bermuda on 20 July 2018.

The logo of the Company has been changed as IDG Energy Investment with effect from 19 June 2018.

For details of the change of company name and logo, please refer to the announcements of the Company dated 19 June 2018 and 7 August 2018 and the circular of the Company dated 19 June 2018 published on the website of the Stock Exchange (http://www.hkexnews.hk/).

CHANGE OF DIRECTORS

On 19 October 2018, Ms. Ge Aiji was appointed as an independent non-executive Director, a member of the remuneration committee and a member and the chairman of the nomination committee of the Company, and on the same date, Prof. Chen Zhiwu resigned from the same positions.

For details of the change of Directors, please refer to the announcement of the Company dated 19 October 2018 published on the websites of the Stock Exchange (http://www.hkexnews.hk/) and the Company (http://www.idgenergyinv.com/).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

In FY2018, the Company repurchased a total of 46,600,000 ordinary shares of the Company on the Stock Exchange, with an aggregate consideration paid amounting to HK$55,007,582.20. All the shares repurchased by the Company were subsequently cancelled and the issued share capital of the Company was reduced thereon. The repurchase was effected by the Board for the enhancement of shareholder value in the long term. Details of the shares repurchased are as follows:

		Repurchase price per share		
Month of repurchase	**No. of shares repurchased**	**Highest price paid HKD**	**Lowest price paid HKD**	**Aggregate consideration paid HKD**
July	42,024,000	1.25	1.03	49,413,724.80
August	4,576,000	1.25	1.20	5,593,857.40
Total	**46,600,000**			**55,007,582.20**

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares in FY2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance and has always recognised the importance of accountability, transparency and protection of Shareholders' interest in general. The Company has adopted the code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") set out in Appendix 14 of the Listing Rules as its own corporate governance policy, subject to amendments from time to time.

In the opinion of the Board, the Company had complied with the code provisions of the CG Code throughout FY2018, except for the CG Code provision A.2.1, which stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During FY2018, Mr. Wang Jingbo was both the chairman of the Board and the chief executive officer of the Company. The Board is of the opinion that such arrangement does not result in undue concentration of power and is conducive to the efficient formulation and implementation of the Company's strategies thus allowing the Company to develop its business more effectively.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The financial figures in respect of the Company and its subsidiaries' consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in this final results announcement have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Company and its subsidiaries' audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules to regulate the Directors' securities transactions.

Having made specific enquiries by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout FY2018.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the Hong Kong Exchanges and Clearing Limited's website ("HKExnews website") at **www.hkexnews.hk** and the Company's website at **http://www.idgenergyinv.com/**.

The annual report of the Company for the FY2018 containing all the information required by Appendix 16 of the Listing Rules will be despatched to the Shareholders and published on the HKExnews website and the Company's website in due course.

For the purpose of this announcement, unless otherwise indicated, exchange rates used are for the purpose of illustration only and do not constitute a representation that any amount has been, could have been or may be exchanged at such rate or any other rate or at all on the date or dates in question or any other date. In respect of information of exchange rates that have been previously disclosed in the Company's announcements, the same exchange rates as disclosed in the respective announcements have been used herein.

By order of the Board
IDG Energy Investment Limited
WANG Jingbo
Chairman and Chief Executive Officer

Hong Kong, 21 June 2019

As at the date hereof, the Board comprises seven Directors, of whom two are executive Directors, namely Mr. Wang Jingbo (Chairman and Chief Executive Officer), and Mr. Lee Khay Kok; two are non-executive Directors, namely Mr. Lin Dongliang and Mr. Shong Hugo; and three are independent non-executive Directors, namely Ms Ge Aiji, Mr. Shi Cen, and Mr. Chau Shing Yim David.