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ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED

能源國際投資控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 353)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2019

The Board of Directors (the "Board") of Energy International Investments Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2019 (the "Period"). The unaudited consolidated interim results have not been audited, but have been reviewed by the Company's audit committee (the "Audit Committee").

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2019

		(Unaudited)	
		Six months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
			(Re-presented)
Continuing operations			
Revenue	*4*	**66,219**	49,067
Cost of sales		**(965)**	(1,446)
Gross profit		**65,254**	47,621
Other income and gains	*4*	**9,582**	621
Selling and distribution expenses		**(1,317)**	(4,398)
Administrative expenses		**(15,116)**	(12,734)
Other operating expenses		**–**	(3,399)
Finance costs	*6*	**(26,198)**	(40,504)
Profit/(loss) before income tax	*7*	**32,205**	(12,793)
Income tax expenses	*8*	**(11,523)**	(474)
Profit/(loss) for the period from continuing operations		**20,682**	(13,267)
Discontinued operation			
Profit for the period from discontinued operation	*10*	**11,496**	3,612
Profit/(loss) for the period		**32,178**	(9,655)

* *For identification only*

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2019

	Notes	(Unaudited) Six months ended 30 June 2019 HK$'000	2018 HK$'000 (Re-presented)
Profit/(loss) for the period attributable to:			
Owners of the Company			
– from continuing operations		**10,439**	(18,326)
– from discontinued operation		**11,496**	3,612
		21,935	(14,714)
Non-controlling interests			
– from continuing operations		**10,243**	5,059
		32,178	(9,655)
Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company	*11*		
Basic and diluted			
– from continuing operations		**HK cent 0.19**	(HK cent 0.41)
– from discontinued operation		**HK cent 0.21**	HK cent 0.08
– from continuing and discontinued operations		**HK cent 0.40**	(HK cent 0.33)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	(Unaudited) Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Profit/(loss) for the period	**32,178**	(9,655)
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange loss on translation of financial statements of foreign operations	**(351)**	(7,690)
Release of exchange reserve upon disposal of subsidiaries	**(10,327)**	–
Other comprehensive income for the period, net of tax	**(10,678)**	(7,690)
Total comprehensive income for the period	**21,500**	(17,345)
Total comprehensive income attributable to:		
– Owners of the Company	**11,436**	(20,794)
– Non-controlling interests	**10,064**	3,449
	21,500	(17,345)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	(Unaudited) 30 June 2019 HK$'000	(Audited) 31 December 2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**20,057**	6,519
Intangible assets		**–**	154,141
Goodwill		**1,440**	1,440
Investment properties	*12*	**1,427,109**	1,425,000
Deposits and other receivables		**49,337**	57,204
Deferred tax assets		**–**	43,189
		1,497,943	1,687,493
Current assets			
Trade receivables	*13*	**1,961**	15,211
Prepayments, deposits and other receivables		**254,335**	150,791
Loan receivables		**71,948**	72,098
Financial assets at fair value through profit or loss		**22,605**	14,407
Cash and bank balances		**7,659**	276,531
		358,508	529,038
Current liabilities			
Bills and other payables and accruals		**275,731**	389,097
Amounts due to non-controlling shareholders		**118,297**	–
Bank borrowings		**123,120**	157,320
Other borrowings		**114,840**	126,877
Finance lease liabilities		**63,729**	39,584
Convertible bonds		**36,250**	35,258
Tax payables		**–**	9,828
		731,967	757,964
Net current liabilities		**(373,459)**	(228,926)
Total assets less current liabilities		**1,124,484**	1,458,567

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	(Unaudited)	(Audited)
	30 June	31 December
	2019	2018
	HK$'000	*HK$'000*
Non-current liabilities		
Amounts due to a non-controlling shareholder	–	259,418
Bank borrowings	–	77,520
Other borrowings	**53,181**	44,649
Finance lease liabilities	**2,392**	2,459
Convertible bonds	**25,727**	25,250
Deferred tax liabilities	**92,413**	120,000
	173,713	529,296
Net assets	**950,771**	929,271
EQUITY		
Equity attributable to the owners of the Company		
Share capital	**544,484**	544,484
Reserves	**230,277**	218,841
	774,761	763,325
Non-controlling interests	**176,010**	165,946
Total equity	**950,771**	929,271

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. GENERAL INFORMATION

The Company is a limited liability company incorporated and domiciled in the Cayman Islands. Its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Units 4307-08, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the Period, the principal activities of the Group include:

– oil and liquefied chemical terminal representing the business of leasing of oil and liquefied chemical terminal, together with its storage and logistics facilities (the "Port and Storage Facilities");

– insurance brokerage service representing the business of providing insurance brokerage service; and

– oil production representing the business of oil production (discontinued on 28 June 2019 in connection with the disposal of subsidiaries (note 10)).

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The comparative condensed consolidated income statement and their corresponding notes have been re-presented in accordance with Hong Kong Financial Reporting Standard ("HKFRS") 5 "Non-current Assets Held For Sale and Discontinued Operations" as if operations discontinued during the Period had been discontinued at the beginning of the comparative period.

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

2. ADOPTION OF NEW OR AMENDED HKFRSs

These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2018 (the "2018 FS"). Except as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated interim financial statements are the same as those followed in the preparation of the 2018 FS.

In the Period, the Group has applied for the first time the following new or amended HKFRSs which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the accounting period beginning on 1 January 2019:

- HKFRS 16 – Leases
- HK(IFRIC) – Int 23 – Uncertainty over Income Tax Treatments
- Amendments to HKFRS 9 – Prepayment Features with Negative Compensation
- Annual Impoverments to HKFRSs 2015-2017 Cycle – Amendments to: HKFRS 11 Joint Arrangements; HKAS 12 Income Taxes; and HKAS 23 Borrowing Costs

(a) HKFRS 16 – Leases

HKFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied HKFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated, i.e. it is presented, as previously reported, under HKAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

(b) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under HK(IFRIC)-Int 4 Determining Whether an Arrangement contains a Lease ("HK(IFRIC) 4"). The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC) 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

(c) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under HKFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases. i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some short-term leases (i.e. where the lease term is 12 months or less). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets in "Property, plant and equipment", the same line item as it presents underlying assets of the same nature that it owns. The carrying amounts of right-of-use assets from continuing operations are as below.

	Right- of-use assets
	HK$'000
Balance at 1 January 2019	**17,050**
Balance at 30 June 2019	**13,914**

The Group presents lease liabilities in "Other borrowings" in the condensed consolidated statement of financial position.

(i) Significant accounting policies

The Group recognises right-of-use assets and lease liabilities at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. Such right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

(ii) Transition

Previously, the Group classified property leases as operating leases under HKAS 17. The leases typically run for a period of 1 to 3 years.

At transition, for leases classified as operating leases under HKAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, if any.

The Group used the following practical expedients when applying HKFRS 16 to leases previously classified as operating leases under HKAS 17.

– Use of a single discount rate to a portfolio of leases with reasonably similar characteristics;

– Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term; and

– Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

(d) As a lessor

The Group leases out its investment property and it has classified these leases as operating leases. The accounting policies applicable to the Group as a lessor are not different from those under HKAS 17. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. Therefore, the Group is not required to make any adjustments on transition to HKFRS 16 for leases in which it acts as a lessor.

(e) Impact on financial statements

(i) Impacts on transition

On transition to HKFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition from the Group's continuing operations is summarised below.

	1 January 2019
	HK$'000
Right-of-use assets presented in "Property, plant and equipment"	**17,050**
Lease liabilities presented in "Other borrowings"	**17,050**

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is approximately 6%.

	HK$'000
Operating lease commitment at 31 December 2018 as disclosed in the 2018 FS	**20,347**
Discounted using the incremental borrowing rate at 1 January 2019	**18,795**
Recognition exemption for leases with less than 12 months of lease term at transition	**(472)**
Disposal of subsidiaries	**(1,273)**
Lease liabilities recognised at 1 January 2019	**17,050**

(ii) Impacts for the Period

As a result of initially applying HKFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised right-of-use assets of approximately HK$14,103,000 and lease liabilities of approximately HK$14,030,000 respectively as at 30 June 2019 from continuing operations.

Also, in relation to those leases under HKFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the Period, the Group recognised depreciation charges of approximately HK$3,152,000 and interest costs of approximately HK$435,000 from these leases from continuing operations.

Save as disclosed in the foregoing paragraphs about the impact of HKFRS 16 in notes 2(a) to (e), the adoption of the above new or amended HKFRSs has no impact on these condensed consolidated interim financial statements.

The Group has not early adopted any new or amended HKFRSs which have been issued but are not yet effective in these condensed consolidated interim financial statements.

3. BASIS OF PREPARATION

(a) Going concern basis

The condensed consolidated financial statements have been prepared on a going concern basis which notwithstanding that (i) as at 30 June 2019, the Group had net current liabilities of HK$373,459,000 (31 December 2018: HK$228,926,000); and (ii) as at 30 June 2019, included in current liabilities were the total outstanding construction costs of HK$182,523,000 (31 December 2018: HK$344,955,000), that are repayable within one year after the reporting date, which are recognised under other payables (31 December 2018: HK$307,223,000 and HK$37,732,000 were recognised under other payables and other borrowings respectively) and capital commitments for construction costs were HK$7,924,000 (31 December 2018: HK$2,452,000). These conditions indicate the existence of a material uncertainty that may cast significant doubts about the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharges its liabilities in the normal course of business. The directors of the Company (the"Directors") have prepared the condensed consolidated financial statements based on a going concern on the assumptions and measures that:

(i) On 28 February 2019, the Group has successfully obtained a new long-term credit facility from a financial institution in the PRC amounted to RMB150,000,000 (approximately HK$171,000,000) to repay the outstanding construction costs and bank and other borrowings that are required to repay within one year and repayable in February 2022. On 8 March 2019, the Group has further obtained another new long-term credit facility from another financial institution in the PRC amounted to RMB300,000,000 (approximately HK$342,000,000), with a credit period of 36 months;

(ii) In light of the above new credit facilities, the Group will be able to repay the outstanding construction costs in the coming twelve months after the Period;

(iii) The Directors are of the view that the Oil and Liquefied Chemical Terminal segment since fully operated in May 2018, is able to contribute and generate a significant and consistent operating cash inflow to the Group in the coming twelve months after the Period which mainly derived from its rental income receipt amounting to RMB125,000,000 before value-added tax (approximately HK$142,500,000) as stipulated in the lease agreement;

(iv) The Directors are of the view that the loan receivables amounted to HK$71,948,000 will be recovered without default in the coming twelve months after the Period under the loan agreements and the management assessment of its recoverability; and

(v) During the year ended 31 December 2018, the Company paid an amount of RMB100,000,000 (approximately HK$114,000,000) as refundable deposits under the terms of memorandum of understanding, which entered between the Company and the potential vendors, pursuant to which the Company proposed to invest in not less than 45% issued shares in a target company. The Directors are of the view that the investment is still under preliminary negotiation and uncertain of the completion of the transaction with the potential vendors, therefore, the balance will be recovered in the coming twelve months.

After taking into account the above assumptions and measures, the Directors consider that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2019 and believe that the Group will continue as a going concern and consequently have prepared the condensed consolidated financial statements on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the condensed consolidated financial statements to reduce the values of the assets to their estimated realisable values, to provide for any further liabilities which may arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the condensed consolidated financial statements.

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

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

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

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

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

Final decision on the Change of Exploration Right Agreement

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

De-consolidating QHFSMI and IMFSMI

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

4. REVENUE AND OTHER INCOME AND GAINS

The Group's principal activities are disclosed in note 1 to these unaudited condensed consolidated interim financial statements. Revenue from the Group's principal activities and other income and gains recognised are as follows:

	(Unaudited) Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
		(Re-presented)
Revenue		
Continuing operations		
Rental income from investment properties	**66,216**	49,067
Agency income from insurance brokerage service	**3**	–
	66,219	49,067
Discontinued operation		
Sale of crude oil *(note 10(a))*	**16,436**	17,836
Other income and gains		
Continuing operations		
Interest income		
– Bank deposits	**11**	594
– Loan receivables	**694**	–
	705	594
Fair value gain on financial assets through profit or loss ("FVTPL")	**8,586**	–
Rental income from sub-letting of leased assets	**246**	–
Sundry income	**45**	27
	9,582	621

5. SEGMENT INFORMATION

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

(a) the Oil and Liquefied Chemical Terminal segment represents the business of leasing of the Port and Storage Facilities;

(b) Insurance Brokerage Service segment represents the business of providing insurance brokerage service; and

(c) the Oil Production segment represents the business of oil production. This segment was discontinued during the Period.

There was no inter-segment sale and transfer during the Period (six months ended 30 June 2018: Nil).

	Continuing operations				Discontinued operation			
	Oil and Liquefied Chemical Terminal (Unaudited) Six months ended 30 June		Insurance Brokerage Service (Unaudited) Six months ended 30 June		Oil Production (Unaudited) Six months ended 30 June		Total (Unaudited) Six months ended 30 June	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue:								
From external customers	**66,216**	49,067	**3**	–	**16,436**	17,836	**82,655**	66,903
Reportable segment profit/(loss)	**59,993**	36,087	**(410)**	–	**2,621**	3,700	**62,204**	39,787
Interest income	**–**	593	**–**	–	**2**	2	**2**	595
Depreciation of property, plant and equipment (excluding right-of-use assets)	**(444)**	(410)	**(3)**	–	**(189)**	(2,457)	**(636)**	(2,867)
Depreciation of right-of-use assets	**(273)**	–	**(186)**	–	**(269)**	–	**(728)**	–
Amortisation of intangible assets	**–**	–	**–**	–	**(277)**	(326)	**(277)**	(326)
Reportable segment assets	**1,503,866**	1,604,897	**1,929**	–	**–**	275,735	**1,505,795**	1,880,632
Additions to non-current segment assets during the Period	**3,366**	3,511	**–**	–	**–**	358	**3,366**	3,869
Reportable segment liabilities	**(787,911)**	(1,034,723)	**(373)**	–	**–**	(223,671)	**(788,284)**	(1,258,394)

	(Unaudited) 30 June 2019 *HK$'000*	(Audited) 31 December 2018 *HK$'000* (Re-presented)
Assets		
Reportable segment assets		
– From continuing operations	1,505,795	1,525,196
– From discontinued operation	–	203,633
	1,505,795	1,728,829
Property, plant and equipment	14,450	3,538
Cash and bank balances	7,427	274,824
Other corporate assets	328,779	209,340
Group assets	1,856,451	2,216,531
Liabilities		
Reportable segment liabilities		
– From continuing operations	788,284	978,393
– From discontinued operation	–	195,359
	788,284	1,173,752
Convertible bonds	61,977	60,508
Other corporate liabilities	55,419	53,000
Group liabilities	905,680	1,287,260

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the condensed consolidated financial statements as follows:

	(Unaudited) Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
		(Re-presented)
Revenue		
Reportable segment revenue and consolidated revenue	**82,655**	66,903
Profit/(loss) before income tax		
Reportable segment profit	**62,204**	39,787
Segment profit before income tax from discontinued operation	**(2,621)**	(3,700)
Finance costs	**(26,198)**	(40,504)
Other unallocated income	**9,291**	1
Other unallocated expenses	**(10,471)**	(8,377)
Consolidated profit/(loss) before income tax from continuing operations	**32,205**	(12,793)

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

Revenue from major customers is as follows:

	(Unaudited) Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Customer A (derived from the Oil and Liquefied Chemical Terminal segment)	**66,216**	49,067
Customer B (derived from the discontinued operation)	**16,436**	17,836
	82,652	66,903

6. FINANCE COSTS

	(Unaudited) Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Imputed interest on convertible bonds	**477**	17,253
Interest on bank and other borrowings	**15,449**	14,425
Finance lease charges	**2,692**	3,985
Interest on amounts due to non-controlling shareholders	**7,145**	4,841
Interest on lease liabilities	**435**	–
	26,198	40,504

7. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging the following:

	(Unaudited) Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Depreciation of property, plant and equipment (excluding right-of-use assets)^	**996**	418
Depreciation of right-of-use assets^	**3,152**	–
Direct operating expenses arising from investment properties that generated rental income#	**1,317**	4,398
Fair value loss on financial assets at FVTPL*	**–**	3,392
Exchange loss, net	**353**	489
Employee costs, including directors' emoluments	**6,586**	5,816

^ Included in "administrative expenses" in the condensed consolidated income statement

Included in "selling and distribution expenses" in the condensed consolidated income statement.

* Included in "other operating expenses" in the condensed consolidated income statement.

8. INCOME TAX EXPENSES

No Hong Kong profits tax has been provided as the Group had no estimated assessable profits arising in or derived from Hong Kong for both periods.

	(Unaudited) Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Current tax – PRC		
– Current period	**–**	–
– PRC withholding tax	**447**	474
Deferred tax – PRC		
– Current period	**11,076**	–
Income tax expenses	**11,523**	474

The Group's PRC subsidiaries are subject to PRC enterprise income tax at the tax rate of 25% (six months ended 30 June 2018: 25%) for the Period.

9. DIVIDENDS

The board of directors did not recommend any payment of dividends during the year (2018: Nil).

10. DISCONTINUED OPERATION

On 3 June 2019, the Group entered into the sale and purchase agreement with the independent third party (the "Purchaser"), pursuant to which the Purchaser has conditionally agreed to acquire and the Group has conditionally agreed to sell the entire issued shares of China International Energy Investments (Hong Kong) Limited (together with its subsidiaries referred to as the "Target Group" engaged in the oil production) which hold 100% equity interest in China Era Energy Power Investment Limited at a total consideration of HK$52,819,000 (the "Disposal") which was paid upon signing of the disposal agreement by way of two Promissory Notes (collectively, the "Promissory Notes"). The Promissory Notes comprised: (a) the first promissory note with a face value of HK$41,619,000 carrying no interest and maturing on 31 December 2020 (the "Zero-coupon Promissory Note"); and (b) the second promissory note with a face value of HK$11,200,000 carrying interest of 8% per annum and maturing on 31 August 2019 (the "8%-coupon Promissory Note").

Prior to the completion of the Disposal, the Group, exclude the Target Group (collectively the "Remaining Group") owed the Target Group an amount of HK$41,619,000 (the "Drawing from Target Group"). Pursuant to the disposal agreement, it is a condition that (a) the Group shall apply the Zero-coupon Promissory Note to settle all the outstanding sum owed to the Target Group following completion of the Disposal; and (b) the 8%-coupon Promissory Note shall apply as the partial repayment to a refundable earnest money of HK$29,000,000 (the "Earnest Money") owed to the other interested purchaser (the "Other Interested Purchaser") who advanced to the Company pursuant to the memorandum of understanding dated 31 December 2018 entered between the Company and the Other Interested Purchaser. Details of which are set out in the Company's announcements dated 31 December 2018 and 3 June 2019.

The Disposal was completed on 28 June 2019 (the "Disposal Date") and there is no outstanding balance between the Disposal Group and the Remaining Group and the 8%-coupon Promissory Note has been partially offset with the Earnest Money. The Disposal constitutes a discontinued operation under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" as the oil production represented one of the major line of business of the Group. Sales, results, net assets and cash flows of the Target Group were as follows:

(a) Analysis of the results of the discontinued operation:

	(Unaudited) Period from 1 January 2019 to the Disposal Date	Six months ended 30 June 2018
	HK$'000	*HK$'000*
Profit for the period	**455**	3,612
Gain on disposal of subsidiaries (note b)	**11,041**	–
	11,496	3,612
Revenue	**16,436**	17,836
Cost of sales	**(8,665)**	(9,131)
Gross profit	**7,771**	8,705
Other income and gains	**18**	2
Selling and distribution expenses	**(225)**	(258)
Administrative expenses	**(4,657)**	(4,097)
Other operating expenses	**(285)**	(670)
Finance costs	**(165)**	(148)
Profit before income tax	**2,457**	3,534
Income tax (expenses)/credit	**(2,002)**	78
Profit from discontinued operation	**455**	3,612

(b) Disposal of subsidiaries:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	1,980
Intangible assets	153,854
Deferred tax assets	41,179
Trade receivables	5,064
Prepayments, deposits and other receivables	1,223
Cash and bank balances	270
Amount due from the Remaining Group	41,619
Other payables and accruals	(101,416)
Other borrowings	(43,469)
Tax payables	(9,796)
Deferred tax liabilities	(38,403)
	52,105
Release of exchange reserve upon disposal	(10,327)
Gain on disposal of subsidiaries	11,041
Total consideration	52,819

An analysis of the net cash flow arising on disposal of the discontinued operation was as follows:

	HK$'000
Cash consideration	–
Cash and cash equivalents disposed of	(270)
Net cash outflows arising from the disposal of subsidiaries	(270)

The carrying amounts of the assets and liabilities of the Target Group at the Disposal Date are approximately HK$245,189,000 and HK$193,084,000 respectively. A gain of approximately HK$11,041,000 arose on the Disposal, being the face value of the Promissory Notes of HK$52,819,000 less net asset value disposed of in the amount of approximately HK$41,778,000, being the net amount of (i) the equity attributable to the owners of the Disposal Group of approximately HK$52,105,000; and (ii) the release of the exchange reserve upon Disposal of approximately HK$10,327,000. No tax charge or credit arose from the Disposal.

For the purpose of presenting the discontinued operation, certain comparative information on condensed consolidated income statement and the related notes have been re-presented as if the discontinued operation during the Period had been discontinued at the beginning of the comparative period.

11. PROFIT/(LOSS) PER SHARE

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

	(Unaudited) Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
		(Re-presented)
Profit/(loss) for the period attributable to the owners of the Company for the purpose of basic earnings/(loss) per share		
– From continuing operations	**10,439**	(18,326)
– From discontinued operation	**11,496**	3,612
	21,935	(14,714)
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**5,444,845**	4,517,706

The calculation of basic earnings/(loss) per share is based on the earnings/(loss) attributable to the owners of the Company and the weighted average number of ordinary shares.

For the six months ended 30 June 2019 and 2018, no adjustment has been made to the basic earnings/(loss) per share amount presented in respect of a dilution as the impact of the convertible bond outstanding had an anti-dilutive effect on the basic earnings/(loss) per share amount presented.

12. INVESTMENT PROPERTIES

During the Period, the additions to investment properties at cost amounted to approximately HK$2,109,000.

As at 30 June 2019, the entire investment properties (31 December 2018: HK$1,425,000,000) have been pledged to secure banking facilities granted to the Group and finance lease liabilities.

13. TRADE RECEIVABLES

The Group normally allows trading credit terms 30 days (31 December 2018: 30 days) to its established customers. Each customer has a maximum credit limit. For certain customers with long established relationship and good past repayment history, a longer credit period may be granted. Trade receivables are non-interest bearing.

As at 30 June 2019, the entire trade receivables (31 December 2018: HK$11,874,000) have been pledged to secure the finance lease liabilities.

Ageing analysis of trade receivables, based on the invoice date, is as follows:

	(Unaudited)	(Audited)
	30 June	31 December
	2019	2018
	HK$'000	*HK$'000*
1 – 90 days	**1,961**	15,211

As at 30 June 2019 and 31 December 2018, there were no trade receivables that were individually determined to be impaired. The Group did not hold any collateral over these balances.

14. EVENTS AFTER REPORTING DATE

(a) Subsequent to the Period, Shundong Port, Mid-Ocean Hong Kong Investment Limited ("Mid-Ocean") who is the parent company of Shundong Port, the non-controlling shareholder of the Group (the "JV partner") and an investor (the "Investor") entered into the capital increase agreement (the "Capital Increase Agreement"), pursuant to which the Investor agreed to subscribe for the new equity of 8.5% of the enlarged registered and paid up capital of Shundong Port (the "Capital Increase") for the consideration of RMB70 million (approximately HK$79.8 million) (the "Consideration"). The Consideration will be settled through the capitalisation of the existing loan for the principal amount of RMB70 million loan from the Investor to Shundong Port (the "Pre-existing Loan"). Upon completion of the Capital Increase, the Group's equity holding in Shundong Port will decrease from 51% to 46.67% and the Pre-existing Loan will be deemed as fully settled.

Simultaneously with the signing of the Capital Increase Agreement, Mid-Ocean has entered into a concert party agreement (the "Concert Party Agreement") with the JV Partner, pursuant to which the JV Partner irrevocably undertakes to vote in accordance with Mid-Ocean's decisions at shareholders' meetings of Shundong Port. Through the Concert Party Agreement, the Group will continue to have control over Shundong Port after the Capital Increase. It is expected that Shundong Port shall remain as a subsidiary of the Company and its results shall continue to be consolidated in the Group's financial statements. Details of which are set out in the Company's announcement dated 3 July 2019. As at the date of this announcement, the Capital Increase is yet to be completed.

(b) Subsequent to the reporting date, the Group has successfully obtained a credit facility of RMB128,000,000 (approximately HK$145,920,000) from a financial institution. This loan is charged at fixed interest rate of 5.3% per annum and repayable in February 2022, which is pledged by the entire investment properties and guaranteed by a related party. This loan was drawn down by the Group in July 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating results

The Group is principally engaged in the leasing of oil and liquefied chemical terminal, insurance brokerage service and the oil production (which was disposed on 28 June 2019).

(i) Revenue

For the Period, the Group's record revenue from continuing operations was approximately HK$66 million, representing an increase of approximately HK$17 million or approximately 35% as compared to the corresponding period in 2018 of approximately HK$49 million. The Group's revenue is mainly contributed from the rental income of the oil and liquefied chemical terminal.

(ii) Gross profit

For the Period, the Group's record gross profit from continuing operations was approximately HK$65 million, representing an improvement of approximately HK$17 million or approximately 35% as compared to the corresponding period in 2018 of approximately HK$48 million, which is due primarily to the full operation of the Group's oil and liquefied chemical terminal in May 2018. The Board believes that the stable rental income generated from the leasing of oil and liquefied chemical terminal enables the Group to maintain the gross profit position.

(iii) Profit attributable to the owners of the Company

The profit attributable to the owners of the Company for the Period was approximately HK$22 million (six months ended 30 June 2018: loss of HK$15 million), such turnaround from loss to profit is mainly attributable to the improvement in the Group's business activities, including (1) an increase in the revenue and the gross profit from oil and liquefied chemical terminal segment due to the Port and Storage Facilities were fully operated from May 2018 onwards; and (2) an increase in the profit from the oil production segment from approximately HK$4 million for the six months ended 30 June 2018 to approximately HK$11 million for the Period which includes a non-recurrence disposal gain of the oil production business.

BUSINESS REVIEW

Operation of liquid chemical terminal, storage and logistics facilities business

By end of 2015, the Group has injected RMB115 million (approximately HK$136 million) to Shundong Port to obtain 51% equity interest in Shundong Port. Shundong Port owns two sea area use rights covering an aggregate area available for land-forming and reclamation construction of approximately 31.59 hectares in Dongying Port, Shandong Province, the PRC and permitting the construction of reclamation and land-forming for use in sea transportation and port facilities for a 50-years' period running from 13 November 2014 to 12 November 2064 and 23 February 2016 to 22 February 2066 respectively. Shundong Port has completed the construction and commenced leasing of its Port and Storage Facilities during 2017. Full commercial operation has been achieved in May 2018.

Oil business

On 28 June 2019, the Group discontinued the oil business upon the completion of disposal of the Target Group. Approximately HK$16 million revenue was generated from this discontinued operation as compared to approximately HK$18 million in the correspondence period in 2018.

Changes in estimated quantities of proved crude oil reserves for the period from 1 January 2019 to the Disposal Date and during the six months ended 2018 are indicated as follows:

	Crude oil *(million metric tonnes)*
Reserves as at 1 January 2018	2.931
Changes resulted from production	(0.006)
Reserves as at 30 June 2018	2.925
Reserves as at 1 January 2019	2.920
Changes resulted from production	(0.005)
Reserves as at the Disposal Date	2.915

Note: Based on the Group's share of participated interests in the oil field through jointly controlled operations.

Financial Review

Liquidity, financial resources and capital structure

As at 30 June 2019, the Group had total assets of approximately HK$1,856 million (31 December 2018: HK$2,217 million), total liabilities of approximately HK$906 million (31 December 2018: HK$1,287 million), indicating a gearing ratio of 0.49 (31 December 2018: 0.58) on the basis of total liabilities over total assets. The current ratio of the Group as at 30 June 2019 was 0.49 (31 December 2018: 0.70) on basis of current assets over current liabilities.

Loan receivables amounted to approximately HK$72 million (31 December 2018: approximately HK$72 million) represented loans to independent third parties which bear fixed interest rate ranging from 4% to 10% annually. Deposits amounted to approximately RMB100 million (approximately HK$114 million) (31 December 2018: approximately HK$114 million), which is included in prepayments, deposits and other receivables, relating to the deposit paid for the proposed investment in a fintech project in the PRC. Details of which can be referred to the announcement of the Company dated 30 October 2018.

As at 30 June 2019, the Group had bank and other borrowings of approximately HK$123 million and HK$168 million respectively (31 December 2018: HK$235 million and HK$172 million respectively). The aggregate bank deposits and cash in hand of the Group were approximately HK$8 million (31 December 2018: HK$277 million).

As at 30 June 2019 and 31 December 2018, the convertible bonds outstanding principal amounts of HK$32 million and HK$449 million are due on 15 September 2018 ("2015 CB") and 16 September 2020 ("2018 CB") carrying interest of 5% and 3% per annum, respectively, with right to convert the convertible bonds into ordinary shares of the Company (the "Shares"). The conversion price of 2015 CB is HK$0.158 per Share (subject to adjustments) and a maximum number of 202,531,645 Shares may be allotted and issued upon exercise of the conversion rights attached to 2015 CB in full. The conversion price of 2018 CB is HK$0.255 per Share (subject to adjustments) and a maximum number of 1,760,784,313 Shares may be allotted and issued upon exercise of 2018 CB attached to the convertible bonds in full. During the Period, no 2015 CB and 2018 CB were converted into the Shares.

Contingent liabilities

As at 30 June 2019, the Group did not have any significant contingent liabilities.

Capital and other commitments

The Group had capital and other commitments contracted but not provided for of approximately HK$8 million (31 December 2018: HK$2 million) and nil (31 December 2018: HK$43 million) respectively as at 30 June 2019.

Charges on assets

As at 30 June 2019 and 31 December 2018, entire investment properties of approximately HK$1,427 million (31 December 2018: HK$1,425 million), entire paid up capital of Shundong Port and certain trade receivables of approximately HK$2 million (31 December 2018: HK$12 million) were pledged for the Group's bank and other borrowings and finance lease liabilities.

Exchange exposure

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

Employee information

As at 30 June 2019, the Group employed 32 full-time employees (30 June 2018: 150). The Group's emolument policies are formulated on the performance of individual employees and are reviewed annually in line with industry practice. The Group also provides provident fund schemes (as the case may be) to its employees depending on the location of such employees.

Interim dividends

The Board did not recommend the payment of any interim dividend for the Period (six months ended 30 June 2018: Nil).

Future plan and prospects

Operation of liquid chemical terminal, storage and logistics facilities business

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

On 24 October 2016, Shundong Port entered into a lease agreement (the "Lease Agreement") to lease the Port and Storage Facilities to an independent third party (the "Lessee"). The rent payable by the Lessee to Shundong Port for the Port and Storage Facilities under the Lease Agreement before VAT is RMB125 million (approximately HK$145 million) per annum, which shall be payable in twelve equal instalments on monthly basis in advance. The Lease Agreement became effective in May 2018. Details of the Lease Agreement can be referred to the circular of the Company dated 17 February 2017.

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

Insurance brokerage business

Following the completion of the acquisition of an insurance brokerage entity (as detailed in the Company's announcement dated 7 May 2018), the Group creates an independent business segment in August 2018. The Board believes that the Group can benefit from the diversification of its operations into this industry and through better deployment of available resources, can bring values to the Group and the shareholders of the Company as a whole.

Exploration and mining business

As disclosed in the 2018 FS, the Board found out that in 2010, the exploration licence held by QHFSMI had been transferred to Yuen Xian Company without the Company's knowledge, consent or approval.

Since then, the Group had commenced legal proceedings (the "Mining Litigations") against Yuen Xian Company with the view to invalidating the Change of Exploration Right Agreement dated 11 November 2009 (which caused the loss of the exploration license by QHFSMI) and seeking to regain the control of QHFSMI and the exploration license. In the past few years, the Group suspended its exploration and mining business pending the outcome of the Mining Litigations.

As announced by the Company on 11 June 2015, 12 June 2015 and 9 March 2016, the Higher People's Court of Qinghai Province had made a final judgment that the Change of Exploration Right Agreement between QHFSMI and Yuen Xian Company was invalid and the Qinghai Province People's Procuratorate had expressed its "no-support" as to the review of the abovementioned final judgement, respectively. Following the conclusion of the Mining Litigations, the Company has appointed the legal advisers in the PRC to enforce the judgement to uphold the Group's right. In the event that the Group could regain the control of QHFSMI, the Group will be in the position to have access to the relevant exploration and mining license and thereafter the Group will perform due diligence review on the mining site. The Group is conducting regular re-assessment on the progress made by its legal advisers and the prospect of the Group's mining segment from time to time.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company and the Board have applied the principles in the code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Listing Rules by adopting the code provisions of the CG Code.

During the Period, the Board has adopted and complied with the code provisions of the CG Code in so far they are applicable with the exception of the deviation from A.2.1 of the CG Code, the roles of chairman and chief executive officer (the "CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. Since the position of the CEO is vacated, the Company is still looking for a suitable candidate to fill the vacancy of the CEO.

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

A.6.7 of the CG Code, independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders, Mr. Tang Qingbin, Mr. Wang Jinghua and Mr. Fung Nam Shan, the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 28 June 2019 due to their other prior engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is available for viewing on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (website.energyintinv.wisdomir.com). The interim report of the Company for 2019 containing all the information required by the Listing Rules will be despatched to shareholders and made available on the above websites in due course.

APPRECIATION

I take this opportunity to express our gratitude to the Shareholders for their continued support and our directors and our staff for their contribution to the Company.

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

Hong Kong, 28 August 2019

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