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ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED
能源國際投資控股有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 353)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of Energy International Investments Holdings Limited (the"**Company**") set forth below the unaudited consolidated annual results (the "**Unaudited Annual Results**") of the Company and its subsidiaries (together referred to as the "**Group**") for the year ended 31 December 2019, together with the comparative amounts for the corresponding period in 2018. The Unaudited Annual Results have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"). For the reasons explained in the paragraph headed "Review of Unaudited Annual Results" in this announcement, the auditing process for the annual results of the Group for the year ended 31 December 2019 has not been completed.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

	Notes	**(Unaudited) 2019** ***HK$'000***	(Audited) 2018 *HK$'000* (Re-presented)
Continuing operations			
Revenue	*4*	**129,838**	115,081
Cost of sales		**(2,327)**	(3,132)
Gross profit		**127,511**	111,949
Other income and other gains and losses		**29,996**	9,679
Selling and distribution expenses		**(9,654)**	(4,906)
Administrative expenses		**(42,273)**	(31,141)
Other operating expenses		**–**	(922)
Fair value gain/(loss) on investment properties	*11*	**5,196**	(5,986)
Finance costs	*6*	**(44,794)**	(63,891)

* *For identification purpose only*

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

	Notes	(Unaudited) 2019 HK$'000	(Audited) 2018 HK$'000 (Re-presented)
Profit before income tax		**65,982**	14,782
Income tax expenses	7	**(24,006)**	(38,799)
Profit/(loss) for the year from continuing operations	8	**41,976**	(24,017)
Discontinued operation			
Profit/(loss) for the year from discontinued operation		**11,496**	(49,830)
Profit/(loss) for the year		**53,472**	(73,847)
Attributable to:			
Owners of the Company			
– Profit/(loss) from continuing operations		**26,431**	(26,648)
– Profit/(loss) from discontinued operation		**11,496**	(49,830)
Profit/(loss) attributable to owners of the Company		**37,927**	(76,478)
Non-controlling interests			
– Profit from continuing operations		**15,545**	2,631
– Profit from discontinued operation		**–**	–
		15,545	2,631
		53,472	(73,847)
Earnings/(loss) per share			
Basic and diluted	10		
– from continuing and discontinued operations		**HK cent 0.6**	HK cent (1.4)
– from continuing operations		**HK cent 0.4**	HK cent (0.5)
– from discontinued operation		**HK cent 0.2**	HK cent (0.9)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	(Unaudited)	(Audited)
	2019	2018
	HK$'000	*HK$'000*
Profit/(loss) for the year	**53,472**	(73,847)
Other comprehensive expenses, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating of financial statements of foreign operations	**(16,422)**	(26,621)
Release of exchange reserve upon disposal of subsidiaries	**(10,327)**	–
Other comprehensive expenses for the year, net of tax	**(26,749)**	(26,621)
Total comprehensive income/(expenses) for the year	**26,723**	(100,468)
Attributable to:		
– Owners of the Company	**12,138**	(99,016)
– Non-controlling interests	**14,585**	(1,452)
	26,723	(100,468)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	(Unaudited) 2019 HK$'000	(Audited) 2018 HK$'000
Non-current assets			
Property, plant and equipment		**4,470**	6,519
Right-of-use assets		**11,052**	–
Intangible assets		**–**	154,141
Goodwill		**–**	1,440
Investment properties	*11*	**1,441,575**	1,425,000
Investment in an associate		**2,805**	–
Equity instruments at fair value through other comprehensive income		**169,541**	–
Deposits and other receivables		**48,523**	57,204
Deferred tax assets		**–**	43,189
		1,677,966	1,687,493
Current assets			
Trade receivables	*12*	**–**	15,211
Amount due from an associate		**5,588**	–
Prepayments, deposits and other receivables		**140,641**	150,791
Loan receivables		**39,096**	72,098
Financial assets at fair value through profit or loss		**28,314**	14,407
Cash and bank balances		**125,352**	276,531
		338,991	529,038
Current liabilities			
Other payables and accruals		**204,882**	389,097
Amounts due to non-controlling shareholders		**3,817**	–
Bank borrowings		**177,012**	157,320
Other borrowings		**147,901**	126,877
Finance lease liabilities		**–**	39,584
Lease liabilities		**6,134**	–
Convertible bonds		**26,221**	35,258
Promissory notes		**17,734**	–
Tax payables		**–**	9,828
		583,701	757,964
Net current liabilities		**(244,710)**	(228,926)
Total assets less current liabilities		**1,433,256**	1,458,567

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	(Unaudited) 2019 *HK$'000*	(Audited) 2018 *HK$'000*
Non-current liabilities		
Amount due to non-controlling shareholders	**144,641**	259,418
Bank borrowings	**63,251**	77,520
Other borrowings	**10,479**	44,649
Finance lease liabilities	**–**	2,459
Lease liabilities	**7,523**	–
Convertible bonds	**–**	25,250
Promissory notes	**71,675**	–
Deferred tax liabilities	**102,693**	120,000
	400,262	529,296
Net assets	**1,032,994**	929,271
Capital and reserves		
Share capital	**544,484**	544,484
Reserves	**249,767**	218,841
Equity attributable to the owners of the Company	**794,251**	763,325
Non-controlling interests	**238,743**	165,946
Total equity	**1,032,994**	929,271

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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 year, 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).

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

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

The 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

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. HKFRSs comprise HKFRS; HKAS and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years except as stated below.

HKFRS 16 "Leases"

The Group initially applied HKFRS 16 "Leases" with effect from 1 January 2019 and has taken transitional provisions and methods not to restate comparative information for prior period.

On adoption of HKFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as "operating leases" under HKAS 17 "Leases", resulted in changes in the consolidated amounts reported in the financial statements as follows:

At 1 January 2019

	HK$'000
Increase in right-of-use assets	**18,156**
Increase in other borrowings	**(39,452)**
Decrease in finance lease liabilities	**42,043**
Increase in lease liabilities	**(20,747)**

The reconciliation of operating lease commitment to lease liabilities as at 1 January 2019 is set out below:

	HK$'000
Operating lease commitment at 31 December 2018	**20,347**
Add:	
Finance lease liabilities	**2,591**
Less:	
Discounting	**(1,570)**
Recognition exemption for leases with less than 12 months of lease term at transition	**(621)**
Lease liabilities as at 1 January 2019	**20,747**

The operating lease commitments disclosed as at 31 December 2018 were HK$20,347,000, while the lease liabilities recognised as at 1 January 2019 were HK$20,747,000, of which HK$6,616,000 were current lease liabilities and HK$14,131,000 were non-current lease liabilities.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. BASIS OF PREPARATION

Significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

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

(i) Going concern basis

The consolidated financial statements have been prepared on a going concern basis which notwithstanding that the Group had net current liabilities as at 31 December 2019. This condition indicates that a material uncertainty exists 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 discharge its liabilities in the normal course of business. The going concern basis has been adopted with the assumptions and measures including but not limited to the current available banking facilities and significant and consistent operating cash inflow from the Port and Storage Facilities. After taking into account of the above assumptions and measures, the Directors consider that the Company can meet its financial obligations as and when they fall due in the foreseeable future and believe that the Company will continue as a going concern and consequently has prepared the 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 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 consolidated financial statements.

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

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

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

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

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

Final decision on the Change of Exploration Right Agreement

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

De-consolidating QHFSMI and IMFSMI

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

4. REVENUE

	(Unaudited) **2019** ***HK$'000***	(Audited) 2018 *HK$'000* (Re-presented)
Revenue from contracts with customers		
Agency income from insurance brokerage service (continuing operations)	**8**	1
Sale of crude oil (discontinued operation)	**16,436**	37,247
	16,444	37,248
Revenue from other sources		
Rental income from investment properties (continuing operations)	**129,830**	115,080
Total revenue	**146,274**	152,328
Representing:		
Continuing operations	**129,838**	115,081
Discontinued operation	**16,436**	37,247
	146,274	152,328

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 year.

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

	Continuing operations		Discontinued operation	
	Oil and Liquefied Chemical Terminal	**Insurance Brokerage Service**	**Oil Production**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2019 (Unaudited)				
Revenue from external customers	**129,830**	**8**	**16,436**	**146,274**
Segment profit/(loss)	**110,045**	**(2,044)**	**2,622**	**110,623**
Interest income	**–**	**–**	**2**	**2**
Depreciation of property, plant and equipment	**(765)**	**(5)**	**(86)**	**(856)**
Depreciation of right-of-use assets	**(571)**	**(372)**	**(264)**	**(1,207)**
Amortisation of intangible assets	**–**	**–**	**(277)**	**(277)**
Fair value gain of investment properties	**5,196**	**–**	**–**	**5,196**
Additions to segment non-current assets	**41,182**	**–**	**–**	**41,182**
As at 31 December 2019				
Segment assets	**1,597,492**	**489**	**–**	**1,597,981**
Segment liabilities	**(803,259)**	**(56)**	**–**	**(803,315)**
For the year ended 31 December 2018 (Audited)				
Revenue from external customers	115,080	1	37,247	152,328
Segment profit/(loss)	94,629	(290)	(59,635)	34,704
Interest income	1,133	–	6	1,139
Depreciation of property, plant and equipment	(746)	(6)	(2,633)	(3,385)
Amortisation of intangible assets	–	–	(870)	(870)
Write-off of property, plant and equipment	–	–	(1,559)	(1,559)
Impairment of property, plant and equipment	–	–	(526)	(526)
Impairment loss of intangible assets	–	–	(62,801)	(62,801)
Fair value loss of investment properties	(5,986)	–	–	(5,986)
Additions to segment non-current assets	5,732	19	2,622	8,373
As at 31 December 2018				
Segment assets	1,522,475	2,721	203,633	1,728,829
Segment liabilities	(977,763)	(630)	(195,359)	(1,173,752)

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

Revenue

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

	(Unaudited) **2019** ***HK$'000***	(Audited) 2018 *HK$'000* (Re-presented)
Profit or loss		
Total profit of reportable segments	**110,623**	34,704
Finance costs	**(44,794)**	(63,891)
Unallocated amounts:		
Other corporate income	**29,322**	833
Other corporate expenses	**(26,547)**	(16,499)
Elimination of (profit)/loss for the year from discontinued operation	**(2,622)**	59,635
Consolidated profit before income tax for the year	**65,982**	14,782
Assets		
Reportable segment assets	**1,597,981**	1,728,829
Property, plant and equipment	**2,345**	3,538
Cash and bank balances	**47,736**	274,824
Other corporate assets *(note)*	**368,895**	209,340
Consolidated total assets	**2,016,957**	2,216,531
Liabilities		
Reportable segment liabilities	**803,315**	1,173,752
Convertible bonds	**26,221**	60,508
Other corporate liabilities	**154,427**	53,000
Consolidated total liabilities	**983,963**	1,287,260

Revenue from major customers:

	(Unaudited) 2019 *HK$'000*	(Audited) 2018 *HK$'000*
Customer A (derived from Oil and Liquefied Chemical Terminal segment)	**129,830**	115,080
Customer B (derived from Oil Production segment)	**16,436**	37,247
	146,266	152,327

Note:

Other corporate assets mainly included unallocated financial assets at fair value through profit or loss, equity instruments at fair value through other comprehensive income, loan receivables and refundable deposits for a potential investment.

6. FINANCE COSTS

	(Unaudited) 2019 *HK$'000*	(Audited) 2018 *HK$'000* (Re-presented)
Continuing operations		
Imputed interest on convertible bonds	**971**	17,414
Interest on bank and other borrowings	**29,552**	30,702
Interest on promissory notes	**585**	–
Finance lease charges	**–**	4,675
Interest on amounts due to non-controlling shareholders	**12,879**	11,100
Interest on lease liabilities	**807**	–
	44,794	63,891

7. INCOME TAX EXPENSES

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

	(Unaudited) 2019 *HK$'000*	(Audited) 2018 *HK$'000* (Re-presented)
Continuing operations		
Current tax – PRC		
– Current year	**–**	–
– PRC withholding tax	**882**	925
Deferred tax – PRC		
– Current year	**23,124**	37,874
Income tax expenses	**24,006**	38,799

No provision for taxation in Hong Kong has been made as the Group did not have any assessable profit arising from Hong Kong for both years.

Under the Enterprise Income Tax Law of the PRC (the "**EIT Law**") and Regulation on Implementation of the EIT Law, the tax rate of the PRC subsidiaries of the Group is 25% for both years.

8. PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

The Group's profit/(loss) for the year from continuing operations is stated after charging/(crediting) the following:

	(Unaudited) **2019** ***HK$'000***	(Audited) 2018 *HK$'000* (Re-presented)
Continuing operations		
Depreciation of property, plant and equipment	**1,970**	865
Depreciation of right-of-use assets	**6,303**	–
Direct operating expenses arising from investment properties that generated rental income	**9,654**	4,906
Fair value (gain)/loss on financial assets at fair value through profit or loss	**(15,992)**	920
Exchange loss, net	**982**	1,749
Impairment loss on goodwill	**1,440**	–
Employee costs, including directors' emoluments	**13,821**	14,213

9. DIVIDENDS

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

10. EARNINGS/(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) **2019** ***HK$'000***	(Audited) 2018 *HK$'000* (Re-presented)
Profit/(loss) for the year attributable to the owners of the Company for the purpose of basic earnings/(loss) per share		
– From continuing operations	**26,431**	(26,648)
– From discontinued operation	**11,496**	(49,830)
	37,927	(76,478)
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic profit/(loss) per share	**7,205,629**	5,417,501

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

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the year ended 31 December 2019.

For the year ended 31 December 2018, no adjustment has been made to the basic loss per share amount presented in respect of a dilution as the impact of the convertible bonds outstanding had an anti-dilutive effect on the basic loss per share amount presented.

11. INVESTMENT PROPERTIES

	(Unaudited) **2019** ***HK$'000***	(Audited) 2018 *HK$'000*
Fair value		
At 1 January	**1,425,000**	1,500,000
Additions	**39,583**	5,732
Fair value gain/(loss) recognised in profit or loss	**5,196**	(5,986)
Exchange difference	**(28,204)**	(74,746)
At 31 December	**1,441,575**	1,425,000

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

12. TRADE RECEIVABLES

The Group normally allows trading credit terms ranging of 30 days (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.

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

	(Unaudited) **2019** ***HK$'000***	(Audited) 2018 *HK$'000*
1 – 90 days	**–**	15,211

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

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

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

(i) Revenue

For the year ended 31 December 2019, the Group's record revenue from continuing operations was approximately HK$130 million (2018: HK$115 million), representing an increase of approximately HK$15 million or approximately 13% as compared to last year. The Group's revenue is mainly contributed from the rental income of the Port and Storage Facilities.

(ii) Gross profit

For the year ended 31 December 2019, the Group's record gross profit from continuing operations was approximately HK$128 million, representing an improvement of approximately HK$16 million or approximately 14% as compared to last year of approximately HK$112 million, primarily due 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 the Port and Storage Facilities enables the Group to maintain the gross profit position.

(iii) Profit attributable to the owners of the Company

Profit attributable to the owners of the Company for the year ended 31 December 2019 was recorded, as compared with a loss in last year. 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 the Oil and Liquefied Chemical Terminal segment as a result of the full operation of the Port and Storage Facilities from May 2018 onwards; (2) fair value and disposal gain on investment in securities held by the Group for the year ended 31 December 2019, as compared with the fair value loss last year; and (3) profit from the Oil Production segment of approximately HK$11 million for the year ended 31 December 2019 as compared with a loss of approximately HK$50 million last year, due to the one-off 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 obtained 51% equity interest in Shandong Shundong Port Services Company Limited ("**Shundong Port**") by capital injection. 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 landforming for use in sea transportation and port facilities for a 50-years' period running from 13 November 2014 to 12 November 2064 and 23 February 2016 to 22 February 2066 respectively. Shundong Port has completed the construction and commenced leasing of its Port and Storage Facilities since 2017, with full commercial operation having been achieved in May 2018. Approximately HK$130 million rental income was generated during the year.

During the year, an independent investor (the "**Investor**") has entered into the capital increase agreement with the Group and the minority shareholder of Shundong Port (the "**JV Partner**"), pursuant to which the Investor agreed to subscribe for the new equity in the capital of Shundong Port (the "**Capital Increase**") for the consideration of RMB70 million (approximately HK$77 million). The Capital Increase has been completed in September 2019 and the Group's equity holding of Shundong Port has been decreased from 51% to around 46.7%. In the meantime, a Concert Party Agreement has been entered between the Group and the JV Partner, which owns around 44.8% of paid up capital of Shundong Port after the Capital Increase, pursuant to which the JV Partner irrevocably undertakes to vote in accordance with the Group's decisions at shareholders' meetings of Shundong Port. Therefore, Shundong Port remains as a subsidiary of the Company and its results continue to be consolidated in the Group's financial statements.

Oil business

On 28 June 2019, the Group discontinued the oil business upon the completion of disposal of the Target Group. The oil business is no longer consolidated into the Group's financial statements after the disposal.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

As at 31 December 2019, the Group had total assets of approximately HK$2,017 million (2018: HK$2,217 million), total liabilities of approximately HK$984 million (2018: HK$1,287 million), indicating a gearing ratio of 0.49 (2018: 0.58) on the basis of total liabilities over total assets. The current ratio of the Group for the year was 0.58 (2018: 0.70) on the basis of current assets over current liabilities.

Movements of convertible bonds during the year are as follows:

As at 31 December 2018, the outstanding principal of the convertible bonds due on 15 September 2018 (the "**2015 CB**") carrying interest of 5% per annum with right to convert into ordinary shares of the Company (the "**Shares**") amounted to HK$32 million. The conversion price 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 in full of the conversion rights attached to the outstanding 2015 CB. During the year ended 31 December 2018, the 2015 CB with principal amount of HK$158 million were converted to 999,999,996 Shares, leaving behind outstanding principal amount of HK$32 million unconverted and unredeemed beyond its maturity on 15 September 2018 up to the year end date of 31 December 2018. During the year, the holder of the outstanding 2015 CB has agreed to settle the 2015 CB by entering into a loan agreement with the Company and the balance was included in other borrowings as at 31 December 2019.

On 17 September 2018, the Company completed and issued convertible bonds ("**CB9**") with the principal amount of HK$200 million and HK$249 million to Giant Crystal Limited ("**Giant Crystal**") and independent third parties respectively, both carrying interest of 3% per annum with right to convert the convertible bonds into Shares. The conversion price of CB9 is HK$0.255 per share (subject to adjustments) and a maximum number of 784,313,725 and 976,470,588 Shares may be allotted and issued upon exercise of the conversion rights attached to CB9 in full to Giant Crystal and independent third parties respectively. During the years ended 31 December 2019 and 2018, no CB9 was converted into the Shares.

Charges on assets

As at 31 December 2019 and 2018, entire investment properties of approximately HK$1,442 million (2018: HK$1,425 million) were pledged for the Group's bank and other borrowings and lease liabilities (2018: bank borrowings and finance lease liabilities).

As at 31 December 2018, entire paid up capital of Shundong Port and certain trade receivables of approximately HK$12 million were pledged for the Group's bank and other borrowings.

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 year. However, management will monitor foreign currency exposure and will consider hedging significant foreign currency exposure if necessary.

Employee information

As at 31 December 2019, the Group employed 29 full-time employees (2018: 132). 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.

Future Plan and Prospects

Operation of liquid chemical terminal, storage and logistics facilities business

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

On 24 October 2016, Shundong Port entered into a lease agreement (the "**Lease Agreement**") to lease the Port and Storage Facilities to an independent third party (the "**Lessee**"). The rent payable by the Lessee to Shundong Port for the Port and Storage Facilities under the Lease Agreement before value-added tax is RMB125 million (approximately HK$140 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 were disclosed in 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. The cash derived from the rental income of the Lease Agreement will enable Shundong Port to finance its 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.

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 year.

CORPORATE GOVERNANCE PRACTICES

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

During the year, 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 Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer (the "**CEO**") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. Since the position of the CEO is vacated, the Company is still looking for a suitable candidate to fill the vacancy of the CEO.

Under Code Provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. For the year 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.

Under Code Provision A.6.7 of the CG Code, independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders, Mr. Tang Qingbin, 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 year.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the suggested terms of reference stated under the Code Provision C.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Tang Qingbin.

The Audit Committee has reviewed the Unaudited Annual Results contained in this announcement, and is of the opinion that such Unaudited Annual Results comply with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.

REVIEW OF UNAUDITED ANNUAL RESULTS

As a result of the outbreak of the Coronavirus epidemic (the "**Epidemic**") and government measures (the "**Public Health Measures**") to control the spreading of the Epidemic since January 2020, including the restrictions or closure of immigration or traffic control points, mandatory quarantine imposition on inbound travellers and government direction to suspend business operations, the financial reporting works (the "**Financial Reporting Works**") and the audit works, including but not limited to the review of the accounting policies, assumptions and measures applied, relating to the Group's annual results for the year ended 31 December 2019 (the "**Audit Works**") have been delayed. The inability to travel to work caused significant hindrance to the progress of completing the Financial Reporting Works and the Audit Works.

The Audit Works for the the Group's annual results for the year ended 31 December 2019 has not been completed due to the Epidemic. The Unaudited Annual Results contained herein have not yet been agreed with the Auditors, but have been reviewed by the Audit Committee. An announcement relating to the audited results will be made when the Audit Works have been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants. The Company currently expects that the auditing process should be completed on or before 15 May 2020.

During the year, the Group has completed the acquisition of a financial investment (the "**Financial Investment**") in an unlisted public company (the "**Investment Entity**"), involving the issuance of promissory notes (the "**Promissory Notes**") by the Company as consideration for the acquisition. Details of the Financial Investment were disclosed in the Company's announcement dated 21 October 2019.

The Company was notified by the management of the Investment Entity that it was required to temporarily suspend its project constructions and business operations as a result of the outbreak of the Epidemic in China. In addition, due to the Epidemic and the Public Health Measures, the Company was unable to obtain sufficient documents and information in relation to, nor conduct site visit at, the Investment Entity. Therefore, the fair value measurement on the Promissory Notes and the Financial Investment cannot be carried out by the Company with the assistance of an independent valuer before the date of this announcement. When presenting the Unaudited Annual Results, the Financial Investment and the Promissory Notes were recorded as historical cost under "Equity instruments at fair value through other comprehensive income" and under "Promissory notes" respectively in the Consolidated Statement of Financial Position. We therefore cannot rule out the possibility that the fair value assessments at the initial recognition of issuing the Promissory Notes and recognising the Financial Investment, and the impairment assessments over the fair value of the Financial Investment, as conducted by the Company's management, and in fact any other accounting items set out in these Unaudited Annual Results, may be adjusted after taking the advice of professional advisers during the course of the audit process.

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to: (i) the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the Unaudited Annual Results contained herein; (ii) the proposed date of the forthcoming annual general meeting of the Company (the "**2020 AGM**"); and (iii) the book closure period for the purpose of ascertaining shareholders' eligibility to attend and vote at the 2020 AGM. In addition, the Company will issue further announcement(s) as and when necessary if there are other material development in the completion of the auditing process.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This Unaudited Annual Results announcement is published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company. Due to the delay in the completion of the Financial Reporting Works and Audit Works as a result of the Epidemic, the Company currently expects that the annual report of the Company for the year ended 31 December 2019 containing all the information as required by the Listing Rules should be dispatched to the shareholders of the Company and made available for review on the same websites on or before 15 May 2020.

WARNING STATEMENT

The financial information contained in this announcement in respect of the annual results of the Group have not been audited nor agreed with the Company's auditors. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 31 March 2020

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