IDG ENERGY INVESTMENT LIMITED

IDG能源投資有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 650)

(1) FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020 AND (2) CHANGE IN USE OF PROCEEDS FROM THE FOXCONN SUBSCRIPTION

(1) FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

The board (the "Board") of directors (the "Directors") of IDG Energy Investment Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries for the financial year ended 31 March 2020 ("FY2019") together with the comparative figures for the previous year.

CORPORATE PROFILE

The Company is an investment holding company principally engaged in the investment and management of global energy assets and the mobility services business. The financial statements of the Company is reported by consolidating the financial results of its controlled portfolio companies, whereas the Company's interests in other non-controlling portfolio companies are mostly recognized as financial assets at fair value through profit or loss in the Company's financial statements.

As at 31 March 2020, the Company has invested in various energy portfolio companies in China and abroad, which include Hongbo Mining, Stonehold, JOVO, GNL Quebec, LNGL, and JUSDA Energy, etc., covering investments in upstream crude oil assets and strategic investments throughout LNG value chain. To capture new investment opportunities, the Company has also set foot in the mobility services industry by investing in Weipin, a company that operates a mobility services platform in China, in late 2019.

- Xilin Gol League Hongbo Mining Development Company Limited* (錫林郭勒盟宏博礦業開發有限公司) ("Hongbo Mining") is a wholly-owned portfolio company acquired by the Company in 2016. It is an operating company engaged in exploration, development, production and sales of crude oil in China with its gross sales volume of approximately 400,279 barrels, and gross revenue from sales of approximately HK$190.2 million for FY2019. The Company holds 100% equity interest in Hongbo Mining and therefore its financial figures are fully consolidated to the Company's financial statements.

* *For identification purposes only*

- Stonehold Energy Corporation ("Stonehold"), a portfolio company in the upstream oil sector invested by the Company in 2017, owns a world-class shale oil block in Eagle Ford, Texas of the United States (the "U.S."). The total net production and the revenue of Stonehold for 2019 had reached approximately 856,000 boe and US$37 million, respectively. The Company invested in Stonehold through the provision of a Term Loan, with a fixed annual interest rate of 8%. In addition, the Company is also entitled to an amount equivalent to 92.5% of the net disposal proceeds upon disposal of the underlying assets. The investment in Stonehold (the "Stonehold investment") is recognized as a financial asset at fair value through profit or loss in the Company's financial statements.

- Jiangxi Jovo Energy Company Limited*（江西九豐能源有限公司）("JOVO"), an LNG sector portfolio company invested by the Company in 2017, is principally engaged in clean energy businesses, including importing, processing and sale of liquefied natural gas ("LNG") and liquefied petroleum gas ("LPG") in China. As the first private LNG receiving terminal operator in China and one of the internationally recognized players in the LNG market, JOVO imports over 1 million tons of LNG annually. The Company holds minority interest in JOVO and recognizes this investment as a financial asset at fair value through profit or loss in the Company's financial statements.

- LNG Quebec Limited Partnership ("GNL Quebec") is another portfolio company in LNG value chain invested by the Company. GNL Quebec owns and operates one of the largest Canadian LNG export terminals under development with a planned capacity of 11 mmtpa. The Company holds minority interest in GNL Quebec and recognizes this investment as a financial asset at fair value through profit or loss in the Company's financial statements.

- Liquefied Natural Gas Limited ("LNGL"), a company listed on the Australian Securities Exchange (ASX code: LNG), is a portfolio company that the Company invested in 2018. LNGL is an independent LNG project developer which operates primarily in North America. The Company is the second-largest shareholder, holding a 9.8% equity interest in LNGL. This investment is recognized as a financial asset at fair value through profit or loss in the Company's financial statements.

- JUSDA Energy Technology (Shanghai) Co. Ltd.* (準時達能源科技(上海)有限公司) ("JUSDA Energy"), an investment in LNG value chain made by the Company in 2018, is engaged in LNG logistics services using LNG ISO container model. JUSDA Energy started its business in 2019, and has been providing stable logistics services to its customers helping them to distribute LNG from domestic LNG receiving terminals or source LNG to the overseas markets by using ISO containers. The Company will hold a 39% equity interest upon completion of all equity contribution in JUSDA Energy and recognizes this investment as interest in an associate in the Company's financial statements.

- Weipin ("Weipin"), a mobility sector portfolio company acquired by the Company in 2019, is principally engaged in the online ride-hailing services business in China. The Company effectively holds 35.5% of the equity share of Weipin and has the majority voting right of the board of directors with all the decision-making power over the activities of Weipin. Therefore, the Company has consolidated the financial results of Weipin into its financial statements upon completion of the acquisition.

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

* *For identification purposes only*

FINANCIAL SUMMARY

	Year ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
Revenue from sales and services	**243,546**	168,026
— Revenue from sales of crude oil *(Note 1)*	**152,219**	168,026
— Revenue from rendering of mobility services *(Note 2)*	**91,327**	–
Investment (loss)/income *(Note 3 and Note 5)*	**(244,018)**	163,289
Total (loss)/income from principal business activities, net of cost *(Note 4)*	**(206,152)**	237,956
EBITDA	**(210,978)**	236,636
(Loss)/profit before taxation	**(303,843)**	35,482
(Loss)/profit for the year *(Note 5)*	**(296,725)**	27,379
Basic (loss)/earnings per share (HK$ per share)	**(4.499 cent)**	0.437 cent
Diluted (loss)/earnings per share (HK$ per share)	**(4.499 cent)**	0.436 cent

Note 1: The revenue from sales of crude oil represents the revenue generated from the net sales of crude oil produced by Hongbo Mining, a wholly-owned subsidiary of the Company.

Note 2: The revenue from rendering of mobility services represents the revenue from the online ride-hailing services provided by Weipin, a 35.5% owned subsidiary of the Company, from the acquisition date (15 November 2019) to 31 March 2020.

Note 3: According to accounting policy, the investment (loss)/income stated here mainly includes (i) the returns from one of the investments regarding upstream oil and gas assets, primarily in the form of interest income (interest at the rate of 8% per annum) and other fair value changes from the term loan (the "Term Loan") granted to Stonehold, which holds the unconventional shale oil and gas assets in the Eagle Ford core region in the U.S. and (ii) the net of investment income and losses in the form of fair value gain or loss from other projects.

Note 4: The total (loss)/income from principal business activities, net of cost represents the above-mentioned revenue from sales of crude oil, revenue from rendering of mobility services and investment (loss)/income, net of the cost of sales of crude oil and cost of rendering of mobility services.

Note 5: The loss for FY2019 is primarily attributable to the investment loss which was primarily attributed to the following factors:

(i) The Company recorded a loss of approximately HK$143 million from the Stonehold investment in FY2019. The loss was mainly resulted from the substantial decline in oil price in the first quarter of 2020, which was largely due to the severely reduced oil demand caused by the COVID-19 pandemic. In addition, Russia's decision not to join the oil production cut in early March 2020, followed by Saudi Arabia's announcement made in March 2020 to increase production in April 2020, has further exacerbated the imbalance of the oil market, creating a massive glut and driving oil price to a historic low.

(ii) The Company recorded a loss of approximately HK$117 million from the investment in LNGL (the "LNGL Investment") in FY2019. The LNGL Investment is measured at fair value through profit or loss with reference to the change of unadjusted quoted price on stock market. The loss was resulted from the decreasing stock price of LNGL. LNGL's operation and financing have been affected by the adverse dynamics in the general global economy and the oil and gas market.

OPERATING SUMMARY

		Year ended 31 March	
		2020	2019
		HK$'000	*HK$'000*
GLOBAL ENERGY INVESTMENT	**Upstream oil and gas business from Hongbo Mining**		
	Gross production volume *(barrels) (Note 1)*	**406,290**	387,513
	Gross sales volume *(barrels) (Note 1)*	**400,279**	390,479
	Net sales volume *(barrels)*	**320,224**	312,384
	Average unit selling price *(HK$ per barrel) (Note 1)*	**475**	518
	Average daily gross production volume *(barrels)*	**1,129**	1,076
	Average unit production cost before depreciation and amortisation *(HK$ per barrel) (Note 1)*	**92**	113
	Average unit production cost *(HK$ per barrel) (Note 1)*	**214**	241
	Wells drilled during the year		
	— Dry holes *(unit)*	**–**	–
	— Oil producers *(unit) (Note 2)*	**12**	13
	Fracturing workover during the year *(unit)*	**3**	4
	Key investment (loss)/income		
	Stonehold investment *(Note 4 and Note 5)*	**(143,298)**	184,361
	LNGL investment *(Note 5)*	**(116,595)**	(25,937)
MOBILITY SERVICES BUSINESSES	**Mobility services businesses from Weipin**		
	Total orders from 15 November 2019 to 31 March 2020 *(Orders) (Note 3 and 5)*	**3,088,786**	–
	Average daily order(s) *(Note 3 and 5)*	**22,546**	–
	Average revenue per order (HK$) *(Note 3 and 5)*	**30**	–

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

Note 2: In FY2019, Hongbo Mining had successfully drilled 12 wells. As at 31 March 2020, all of the development wells had been put into production.

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Note 3: Weipin is a subsidiary of the Company engaged in online mobility services business which commenced its operations in 2019. Due to the short period of operation of the Company in this business as well as the COVID-19 pandemic, the expected revenue and the daily order volume generated from the mobility services had been unable to reach full potential in FY2019. However, China has showed great improvement on the containment of the COVID-19 pandemic recently and the mobility services business of Weipin was able to pick up with peak average daily order reaching approximately 50,000 orders in the first half of June 2020.

Note 4: The loss from the Stonehold investment mainly resulted from the substantial decline in oil price in the first quarter of 2020. However, as OPEC decided to extend the current production cut and the global oil demand recovery continues to kick in with the oil inventory increasing at a rate lower than expected, the WTI has reached to US$40/barrel in the first half of June 2020.

Note 5: Please refer to note 3 to the financial information and the section headed "Business Review" in this final results announcement for further information.

FINANCIAL RESULTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2020
(Expressed in Hong Kong dollars)

		Year ended 31 March	
		2020	2019
			(Note)
	Note	***HK$'000***	*HK$'000*
Revenue from sales and services		**243,546**	168,026
Cost of sales and services		**(205,680)**	(93,359)
		37,866	74,667
Investment (loss)/income		**(244,018)**	163,289
Total (loss)/income from principal business activities, net of cost	*3*	**(206,152)**	237,956
Other net gains	*4*	**39**	15
Administrative expenses		**(85,326)**	(66,843)
Taxes other than income tax	*5*	**(11,391)**	(15,080)
Exploration expenses, including dry holes	*6*	**(2,914)**	(2,029)
(Loss)/profit before net finance income/(costs) and taxation		**(305,744)**	154,019
Finance income		**22,771**	34,934
Finance costs		**(20,870)**	(153,471)
Net finance income/(costs)	*7*	**1,901**	(118,537)
(Loss)/profit before taxation		**(303,843)**	35,482
Income tax	*8*	**7,118**	(8,103)
(Loss)/profit for the year		**(296,725)**	27,379
Attributable to:			
Equity shareholders of the company		**(276,790)**	27,379
Non-controlling interests		**(19,935)**	–
(Loss)/profit for the year		**(296,725)**	27,379
(Loss)/earnings per share	*9*		
Basic		**HK$(4.499 cent)**	HK$0.437 cent
Diluted		**HK$(4.499 cent)**	HK$0.436 cent

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020
(Expressed in Hong Kong dollars)

	Year ended 31 March	
	2020	2019
		(Note)
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(296,725)**	27,379
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss:		
Equity investment at FVOCI — net movement in fair value reserve (non-recycling)	**(840)**	(12,331)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(39,143)**	(33,277)
Other comprehensive income for the year	**(39,983)**	(45,608)
Total comprehensive income for the year	**(336,708)**	(18,229)
Attributable to:		
Equity shareholders of the company	**(313,022)**	(18,229)
Non-controlling interests	**(23,686)**	–
Total comprehensive income for the year	**(336,708)**	(18,229)

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(c).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2020

(Expressed in Hong Kong dollars)

	Note	At 31 March 2020	At 31 March 2019
			(Note)
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**571,992**	597,163
Construction in progress		**15,623**	18,193
Intangible assets	*10*	**384,276**	26,175
Goodwill	*11*	**112,837**	–
Right-of-use assets		**22,798**	–
Lease prepayments		**–**	10,029
Interest in an associate		**50,086**	43,778
Financial assets at fair value through profit or loss	*12*	**1,506,377**	1,836,876
Financial assets at fair value through other comprehensive income		**36,476**	44,038
Other non-current assets		**31,161**	29,955
Deferred tax assets	*16(a)*	**2,473**	–
		2,734,099	2,606,207
Current assets			
Inventories		**6,492**	5,099
Trade receivables	*13*	**10,825**	46,298
Other receivables	*13*	**31,393**	31,588
Financial assets at fair value through profit or loss	*12*	**16,999**	18,043
Cash and cash equivalents		**1,114,201**	1,191,534
		1,179,910	1,292,562
Current liabilities			
Trade and other payables	*14*	**193,275**	226,514
Contract liabilities		**1,087**	–
Bank and other borrowings		**77,543**	–
Lease liabilities	*2(c)*	**5,209**	–
		277,114	226,514
Net current assets		**902,796**	1,066,048
Total assets less current liabilities		**3,636,895**	3,672,255

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 March 2020
(Expressed in Hong Kong dollars)

	Note	**At 31 March 2020** *HK$'000*	At 31 March 2019 *(Note)* *HK$'000*
Non-current liabilities			
Convertible bond	*15*	**50,018**	45,653
Lease liabilities	*2(c)*	**8,458**	–
Deferred tax liabilities	*16(a)*	**119,759**	31,770
Provisions		**51,872**	51,419
		230,107	128,842
NET ASSETS		**3,406,788**	3,543,413
CAPITAL AND RESERVES			
Share capital	*17(b)*	**65,959**	65,959
Treasury shares	*17(b)*	**(680)**	–
Reserves		**3,164,432**	3,477,454
Total equity attributable to equity shareholders of the company		**3,229,711**	3,543,413
Non-controlling interests		**177,077**	–
TOTAL EQUITY		**3,406,788**	3,543,413

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(c).

NOTES TO THE FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

1 CORPORATE INFORMATION

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

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

During the year ended 31 March 2020, the Company is an investment holding company principally engaged in the investment and management of global energy assets and mobility services businesses. The principal activities of its subsidiaries and invested portfolio companies consist of mobility services platform, upstream oil and gas business, LNG liquefaction and exporting, LNG importing, processing and sales, and LNG logistics services, energy investment fund management as well as investment in energy-related and other industries and businesses.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation

The financial information for the year ended 31 March 2020 comprises the Company and its subsidiaries and the Group's interest in an associate.

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

— Financial assets at fair value through profit or loss;

— Financial assets at fair value through other comprehensive income;

— Derivative financial instruments.

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

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

(c) Changes in accounting policies

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, Leases

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, Operating leases — incentives, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial information to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. *New definition of a lease*

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. *Lessee accounting and transitional impact*

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to land and building.

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The incremental borrowing rates used for determination of the present value of the remaining lease payments were from 4.75% to 5.125%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

— the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020;

The following table reconciles the operating lease commitments as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	1 April 2019
	HK$'000
Operating lease commitments at 31 March 2019	5,660
Less: commitments relating to leases exempt from capitalisation:	
— short-term leases with remaining lease term ending on or before 31 March 2020	(495)
	5,165
Less: total future interest expenses	(467)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019	4,698
Add: finance lease liabilities recognised as at 31 March 2019	–
Total lease liabilities recognised at 1 April 2019	4,698

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 March 2019.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 March 2019	**Capitalisation of operating lease contracts**	**Carrying amount at 1 April 2019**
	HK$'000	*HK$'000*	*HK$'000*
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Right-of-use assets	–	14,727	14,727
Lease prepayments	10,029	(10,029)	–
Total non-current assets	2,606,207	4,698	2,610,905
Current assets	1,292,562	–	1,292,562
Lease liabilities (current)	–	1,462	1,462
Current liabilities	226,514	1,462	227,976
Net current assets	1,066,048	(1,462)	1,064,586
Total assets less current liabilities	3,672,255	3,236	3,675,491
Lease liabilities (non-current)	–	3,236	3,236
Total non-current liabilities	128,842	3,236	132,078
Net assets	3,543,413	–	3,543,413

c. Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial result, segment results and cash flows for the year ended 31 March 2020, by adjusting the amounts reported under HKFRS 16 in this financial information to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in FY2019 instead of HKFRS 16, and by comparing these hypothetical amounts for FY2019 with the actual FY2018 corresponding amounts which were prepared under HKAS 17.

	FY2019				FY2018
	Amounts reported under HKFRS 16 (A) *HK$'000*	Add back: HKFRS 16 depreciation and interest expense (B) *HK$'000*	Deduct: Estimated amounts related to operating leases as if under HKAS 17 (note 1) (C) *HK$'000*	Hypothetical amounts for FY2019 as if under HKAS 17 (D=A+B-C) *HK$'000*	Compared to amounts reported for FY2018 under HKAS 17 *HK$'000*
Financial result for year ended 31 March 2020 impacted by the adoption of HKFRS 16:					
(Loss)/profit before net finance Income/(costs) and taxation	(305,744)	2,975	(3,384)	(306,153)	154,019
Net finance income/(costs)	1,901	406	–	2,307	(118,537)
(Loss)/profit before taxation	(303,843)	3,381	(3,384)	(303,846)	35,482
(Loss)/profit for the year	(296,725)	3,381	(3,384)	(296,728)	27,379
Reportable segment (loss)/profit (adjusted EBITDA) for year ended 31 March 2020 (note 3(b)) impacted by the adoption of HKFRS 16:					
— Global energy investment	(202,174)	2,453	(2,300)	(202,021)	236,636
— Mobility services businesses	(8,619)	928	(1,084)	(8,775)	–
— Total	(210,793)	3,381	(3,384)	(210,796)	236,636

	FY2019			FY2018
	Amounts reported under HKFRS 16 (A) *HK$'000*	Estimated amounts related to operating leases as if under HKAS 17 (notes 1 & 2) (B) *HK$'000*	Hypothetical amounts for FY2019 as if under HKAS 17 (C=A+B) *HK$'000*	Compared to amounts reported for FY2018 under HKAS 17 *HK$'000*
Line items in the consolidated cash flow statement for year ended 31 March 2020 impacted by the adoption of HKFRS 16:				
Cash generated from operations	43,396	(3,384)	40,012	46,974
Net cash generated from operating activities	43,396	(3,384)	40,012	46,974
Capital element of lease rentals paid	(2,978)	2,978	–	–
Interest element of lease rentals paid	(406)	406	–	–
Net cash generated from/(used in) financing activities	70,601	3,384	73,985	(431,270)

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in FY2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in FY2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in FY2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in FY2019. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if HKAS 17 still applied.

3 TOTAL (LOSS)/INCOME FROM PRINCIPAL BUSINESS ACTIVITIES, NET OF COST AND SEGMENT REPORTING

(a) Total (loss)/income from principal business activities, net of cost

	Year ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers and recognised at point in time within the scope of HKFRS 15		
— sales of crude oil *(note (i))*	**152,219**	168,026
— rendering of mobility services *(note (ii))*	**91,327**	–
Cost of sales and services		
— sales of crude oil	**(86,960)**	(93,359)
— rendering of mobility services	**(118,720)**	–
	37,866	74,667
Investment (loss)/income *(note (iii))*	**(244,018)**	163,289
Total (loss)/income from principal business activities, net of cost	**(206,152)**	237,956

Notes:

(i) Revenue from sales of crude oil is generated by Hongbo Mining. Hongbo Mining, one of the Company's wholly-owned subsidiaries, entered into an exploration and production cooperation contract ("EPCC") with Shaanxi Yanchang Petroleum (Group) Company Limited (Yanchang Oil Mineral Administrative Bureau) (陝西延長石油(集團)有限責任公司(延長油礦管理局), "Yanchang") in July 2010. The EPCC gives Hongbo Mining the right to explore, develop, produce and sell the crude oil extracted from the two blocks (Block 212 and Block 378) located at Xilin Gol League, Inner Mongolia and shared between Hongbo Mining and Yanchang in the proportion of 80% and 20% respectively. Hongbo Mining commenced production in Block 212 in 2010. The EPCC was renewed in June 2018 and the expiry date of the EPCC is extended to 30 June 2020. According to the reply of Yanchang, the EPCC is expected to be extended before the expiry date. Yanchang had obtained from the Ministry of Land and Resources of the People' s Republic of China a 15-year valid production permit for Unite 2, Unit 19 and other areas in Block 212 in May 2017. Besides, Block 212 and Block 378 are entitled to exploration permit which are renewable for a term of two years after expiration. The current exploration permit in respect of Block 212 will expire on 3 April 2022, whereas the current exploration permit of Block 378 had expired on 9 November 2019 with a new permit being in the process of application preparation. The amount represents the sales value of crude oil supplied to the customers, net of value added tax. There are two major customers with whom transactions have exceeded 10% of the revenue from sales of crude oil.

(ii) Revenue from rendering of mobility services is generated from rendering of online ride-hailing services to passengers through Gaode platform and Didi platform. Passengers can send requests for mobility services through these two platforms, and the system automatically matches the orders with drivers. The amount of revenue from rendering of mobility services represents the value of full fares paid by passengers, net of value added tax and the surcharge.

(iii) Investment (loss)/income

	Year ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
Stonehold investment *(note (1))*	**(143,298)**	184,361
JOVO investment *(note (1))*	**2,167**	9,002
GNL Quebec investment *(note (1))*	**29,140**	6,102
Trading securities listed in the U.S. and France *(note (1))*	**(7,049)**	(2,762)
LNGL investment *(note (1))*	**(116,595)**	(25,937)
Dividend income *(note (2))*	**1,612**	4,928
Net realised and unrealised losses on derivative financial instruments *(note (3))*	**(1,641)**	(11,122)
Share of losses of an associate *(note (4))*	**(8,952)**	(829)
Others	**598**	(454)
	(244,018)	163,289

Notes:

(1) These amounts represent fair value changes on the Stonehold investment, JOVO investment, GNL Quebec investment, trading securities listed in the U.S. and France, and LNGL investment during the year ended 31 March 2020. Such assets are measured at FVTPL (see note 12), any interest income arising from such assets is included in fair value changes.

(2) The amount represents the dividend income from JOVO investment, equity investment designated as FVOCI and trading securities listed in the U.S..

(3) The amount represents net changes in the fair value of crude oil price option contracts and crude oil price swap contracts held for risk management purpose. The derivative financial instruments are measured at FVTPL (see note 12).

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

(b) Segment reporting

The Company and its subsidiaries manage its businesses by divisions, which are organised by a mixture of both business lines (products and services). In a manner consistent with the way in which information is reported internally to the Company and its subsidiaries' most senior executive management for the purposes of resource allocation and performance assessment, the Company and its subsidiaries have presented the following two reportable segments. Details of the Company and its subsidiaries' reportable segments as follows:

- Global energy investment: this segment constructs and operates upstream oil and gas business, LNG business, and generates income from processing of oil and gas and LNG, as well as investing and managing of energy-related industries and businesses.

- Mobility services businesses: this segment manages and operates the drivers and vehicles for rendering of online ride-hailing services to the passengers through aggregation traffic platform and generates income from rendering of mobility services.

(i) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Company and its subsidiaries' senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of deferred tax assets. Segment liabilities include all liabilities with the exception of deferred tax liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue from sales and services generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment profit/loss includes investment income/loss.

The measure used for reporting segment profit/loss is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation".

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning interest income and expense from cash balances and borrowings managed directly by the segments, depreciation and amortisation, and additions to non-current segment assets used by the segments in their operations.

Disaggregation of revenue from contracts with customers, as well as information regarding the Company and its subsidiaries' reportable segments as provided to the Company and its subsidiaries' most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2020 and 2019 is set out below.

	Global energy investment Year ended 31 March		**Mobility services businesses Year ended 31 March**		**Total Year ended 31 March**	
	2020	2019 *(note(b))*	**2020**	2019	**2020**	2019 *(note (b))*
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from sales and services *(note (a))*	**152,219**	168,026	**91,327**	–	**243,546**	168,026
Investment (loss)/income	**(244,018)**	163,289	**–**	–	**(244,018)**	163,289
Reportable segment (loss)/profit (adjusted EBITDA)	**(202,174)**	236,636	**(8,619)**	–	**(210,793)**	236,636
Depreciation and amortisation	**(53,259)**	(51,818)	**(32,197)**	–	**(85,456)**	(51,818)
Interest income	**21,811**	31,347	**42**	–	**21,853**	31,347
Interest expense	**(7,305)**	(149,336)	**(289)**	–	**(7,594)**	(149,336)
Reportable segment assets	**3,413,165**	3,898,769	**509,500**	–	**3,922,665**	3,898,769
(including interest in an associate)	**50,086**	43,778	**–**	–	**50,086**	43,778
Additions to non-current segment assets during the year	**67,817**	77,780	**3,557**	–	**71,374**	77,780
Reportable segment liabilities	**(351,209)**	(323,586)	**(47,382)**	–	**(398,591)**	(323,586)

Notes:

(a) Revenue from sales and services reported above represents reportable segment revenue generated from external customers. There was no inter-segment revenue during both the current and prior year.

(b) The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(c).

(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	Year ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
Revenue from sales and services	**243,546**	168,026

	Year ended 31 March	
	2020	2019
		(Note)
	HK$'000	*HK$'000*
(Loss)/profit		
Reportable segment (loss)/profit (adjusted EBITDA)	**(210,793)**	236,636
Elimination of inter-segment profits	**(185)**	–
Depreciation and amortisation	**(85,456)**	(51,818)
Interest expense	**(7,409)**	(149,336)
Consolidated (loss)/profit before taxation	**(303,843)**	35,482

	At 31 March	At 31 March
	2020	2019
		(Note)
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**3,922,665**	3,898,769
Deferred tax assets	**2,473**	–
Elimination of inter-segment receivables	**(11,129)**	–
Consolidated total assets	**3,914,009**	3,898,769

	At 31 March	At 31 March
	2020	2019
		(Note)
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**398,591**	323,586
Deferred tax liabilities	**119,759**	31,770
Elimination of inter-segment payables	**(11,129)**	–
Consolidated total liabilities	**507,221**	355,356

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(c).

(iii) Geographic information

The external customer and non-current assets (excluded deferred tax assets, right-of-use assets, financial instruments and interest in an associate) are located in the PRC, which are mainly held by Hongbo Mining and Weipin.

4 OTHER NET GAINS

	Year ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
Net gain on disposal of property, plant and equipment	**39**	15

5 TAXES OTHER THAN INCOME TAX

	Year ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
Resources tax	**9,126**	10,082
Petroleum special profit taxation	**613**	3,027
City construction tax	**701**	793
Education surcharge	**408**	476
Water resources tax	**543**	702
	11,391	15,080

6 EXPLORATION EXPENSES, INCLUDING DRY HOLES

	Year ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
Staff cost	**1,960**	2,029
Geological and geophysical study costs	**954**	–
	2,914	2,029

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

7 NET FINANCE INCOME/(COSTS)

	Year ended 31 March	
	2020	2019
		(Note)
	HK$'000	*HK$'000*
Interest income	**21,668**	31,347
Net gain on bank financing products	**1,103**	1,494
Changes in fair value on the derivative component of convertible note	**–**	2,093
Interest on bank and other borrowings	**(2,036)**	–
Interest on lease liabilities	**(406)**	–
Interest on convertible bond and convertible note	**(4,967)**	(17,786)
Redemption of convertible note	**–**	(131,550)
Accretion expenses	**(2,386)**	(2,425)
Foreign exchange loss, net	**(9,461)**	(1,660)
Others	**(1,614)**	(50)
	1,901	(118,537)

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(c).

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	Year ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**–**	–
Current tax — Outside of Hong Kong		
Provision for the year	**1,448**	–
	1,448	–
Deferred tax		
Origination and reversal of temporary differences	**(8,566)**	8,103
	(7,118)	8,103

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

	Year ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
(Loss)/profit before taxation	**(303,843)**	35,482
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**(8,900)**	2,297
Effect of non-taxable income	**(3,556)**	(3,098)
Effect of non-deductible expenses	**12,212**	7,610
Effect of unrecognised tax losses	**7,427**	8,588
Use of unrecognised tax losses	**(14,301)**	(7,294)
Actual tax expense	**(7,118)**	8,103

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

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries' operation in Hong Kong had no assessable profits for the year. The provision for Hong Kong profits tax is calculated at 16.5% (2019: 16.5%) of the estimated assessable profit for the years.

The provision for PRC current income tax is based on a statutory rate of 25% (2019: 25%) of the assessable profit as determined in accordance with the relevant income tax rules and regulations of the PRC.

9 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK$296,725,000 (2019: profit HK$27,379,000) and the weighted average of 6,595,881,000 ordinary shares (2019: 6,268,569,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	Year ended 31 March	
	2020	2019
	'000	*'000*
Issued ordinary shares at 1 April	**6,595,907**	6,094,404
Effect of conversion of convertible bond *(note 15(e))*	**–**	202,763
Effect of shares repurchased *(note 17(b))*	**(26)**	(28,598)
Weighted average number of ordinary shares at 31 March	**6,595,881**	6,268,569

(b) Diluted (loss)/earnings per share

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 March 2020 in respective of a dilution as the impact of the conversional bond had an anti-dilutive effect on the basic loss per share amounts presented.

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

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

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

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

	Year ended 31 March 2019 *'000*
Weighted average number of ordinary shares at 31 March	6,268,569
Effect of conversion of ordinary shares for convertible bond *(note 15)*	1,238,197
Weighted average number of ordinary shares (diluted) at 31 March	7,506,766

10 INTANGIBLE ASSETS

	Cooperation right	Online car-hailing license	Drivers list	Business relationship	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost:						
At 1 April 2018	37,441	–	–	–	–	37,441
Exchange adjustments	(2,467)	–	–	–	–	(2,467)
At 31 March 2019	34,974	–	–	–	–	34,974
Acquisition of Weipin *(note 18)*	–	3,963	20,264	371,297	361	395,885
Addition	–	–	–	–	3,390	3,390
Exchange adjustments	(2,140)	(94)	(413)	(7,566)	(66)	(10,279)
At 31 March 2020	32,834	3,869	19,851	363,731	3,685	423,970
Accumulated amortisation:						
At 1 April 2018	(8,498)	–	–	–	–	(8,498)
Charge for the year	(860)	–	–	–	–	(860)
Exchange adjustments	559	–	–	–	–	559
At 31 March 2019	(8,799)	–	–	–	–	(8,799)
Charge for the year	(921)	(344)	(1,515)	(29,218)	(4)	(32,002)
Exchange adjustments	560	19	26	502	–	1,107
At 31 March 2020	(9,160)	(325)	(1,489)	(28,716)	(4)	(39,694)
Net book value:						
At 31 March 2019	26,175	–	–	–	–	26,175
At 31 March 2020	23,674	3,544	18,362	335,015	3,681	384,276

11 GOODWILL

	HK$'000
At 1 April 2018 and 31 March 2019	–
Acquisition of Weipin *(note 18)*	112,837
At 31 March 2020	112,837

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the cash-generating unit ("CGU") of Weipin.

The recoverable amount of the CGU is determined based on the calculation of fair value less cost of disposal. The Company used best-low scenarios with 50% possibilities applied separately to each scenario to reach a fair value, and then less the cost of disposal to reach a final conclusion. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Under the best scenario, the Company used an estimated weighted average growth rate of 3% for cash flows beyond the five-year period which was consistent with long-term inflation rate of PRC. The growth rates used did not exceed the long-term average growth rates for the business in which the CGU operates.

Under the low scenario, the Company did not consider the cash flows beyond five-year period, while referred to the market multiplier of comparable listed companies as the exit multiple to calculate the terminal value at the end of five-year period. EV/revenue multiple of 1.4 was adopted after considering the discount of lack of marketability ("DLOM") of 30%.

The cash flows in best-low scenarios were discounted using a discount rate of 29%. The discount rate used was post-tax and reflected specific risks relating to the relevant segment.

Based on the result of the impairment test of goodwill, no impairment provision was considered necessary for the goodwill arising from the acquisition of Weipin.

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 March 2020 *HK$'000*	At 31 March 2019 *HK$'000*
Non-current assets		
Stonehold investment *(note (a))*	**1,264,851**	1,510,062
JOVO investment *(note (b))*	**140,321**	138,154
GNL Quebec investment *(note (c))*	**75,061**	45,921
LNGL investment *(note (d))*	**26,144**	142,739
	1,506,377	1,836,876
Current assets		
Trading securities listed in the U.S. and France	**3,661**	8,689
Bank financing products	**13,338**	9,354
	16,999	18,043

Notes:

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

On 26 September 2017 (local time in Houston, Texas, the U.S.), the initial payment of the Term Loan with an amount of US$165.0 million (approximately HK$1,291.1 million) under the Credit Agreement has been released to Stonehold and the acquisition of the Target Assets by Stonehold from Stonegate has also been consummated in accordance with the terms of the Acquisition Agreement, and a subsequent payment of the Term Loan with an amount of US$5.0 million (approximately HK$39.0 million) has been released to Stonehold on 22 November 2017. Under the Credit agreement, the Company and Think Excel are entitled to interest on the principal amount of the Stonehold investment at a rate of 8% per annum (after the making of or the allocation of any applicable withholding tax). The Company and Think Excel are also entitled to additional interest at an amount equal to 92.5% of the remainder cash proceeds received or recovered by Stonehold in respect of any disposal of the Target Assets after deducting outstanding principals and interests pursuant to the Credit Agreement, as well as after deducting any fees, costs and expenses reasonably incurred by Stonehold with respect to such disposal, if applicable. The maturity date of the Stonehold investment is 10 years after the initial payment of the Stonehold investment.

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

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

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

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

On 26 July 2018, Golden Libra invested another US$1 million (equivalent to approximately HK$7,800,000) in GNL Quebec to support ongoing development. On 30 December 2018, Golden Libra has transferred GNL Quebec investment to Valuevale.

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

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

LNGL is an independent LNG developer with its primary operations in North America.

13 TRADE AND OTHER RECEIVABLES

As of the end of the reporting date, the aging analysis of the trade receivables (which are included in trade and other receivables), based on the invoice date, is as follows:

	At 31 March 2020 *HK$'000*	At 31 March 2019 *HK$'000*
Within 1 month	**10,825**	24,344
1 to 6 months	**1,784**	21,954
	12,609	46,298
Allowance for doubtful debts	**(1,784)**	–
Trade receivables, net of allowance for doubtful debts	**10,825**	46,298
Other receivables	**8,691**	10,900
Prepayment to suppliers	**22,702**	17,698
Dividends receivable from financial instruments measured at FVTPL	**–**	2,990
	42,218	77,886

The Company and its subsidiaries measure loss allowance for trade receivables at an amount equal to lifetime expected credit losses. As at 31 March 2020, ECLs amounting to HK$1,784,000 for trade receivables were measured on individual basis.

The fair value of trade receivables approximates their carrying amount.

14 TRADE AND OTHER PAYABLES

As of the end of the reporting date, the aging analysis of the trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	At 31 March 2020 *HK$'000*	At 31 March 2019 *HK$'000*
Within 1 year	**73,928**	45,604
Over 1 year but within 2 years	**4,781**	24,654
Over 2 years but within 3 years	**8,058**	9,738
Over 3 years	**7,309**	7,901
Trade payables	**94,076**	87,897
Taxes other than income tax payable	**13,594**	15,568
Income tax payable	**1,410**	–
Guarantee deposit	**–**	40,803
Payable due to Yanchang	**57,286**	63,792
Interest payable	**9,711**	9,973
Others	**17,198**	8,481
	193,275	226,514

The fair value of trade payables approximates their carrying amounts.

15 CONVERTIBLE BOND

	Liability component *HK$'000*	Equity component *HK$'000*	Total *HK$'000*
At 31 March 2018	67,148	138,986	206,134
Interest expenses	6,430	–	6,430
Interest payable	(834)	–	(834)
Conversion of convertible bond *(note (e))*	(27,091)	(52,867)	(79,958)
At 31 March 2019	45,653	86,119	131,772
Interest expenses *(note 7)*	4,967	–	4,967
Interest payable	(602)	–	(602)
At 31 March 2020	50,018	86,119	136,137

Notes:

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

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

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

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

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

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

(e) On 18 October 2018 and 17 December 2018, convertible bond holders exercised the conversion rights to convert their convertible bond with the nominal value of HK$18,432,526 and HK$18,400,000, into 274,293,540 and 273,809,523 ordinary shares respectively. At 31 March 2020, the remaining convertible bond with nominal value of HK$60,000,000 (31 March 2019: HK$60,000,000) was solely held by Titan Gas.

16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognised in the statement of financial position and the movements during the year are as follows:

	Provision for assets retirement obligation *HK$'000*	Property, plant and equipment *HK$'000*	Intangible assets *HK$'000*	Accruals *HK$'000*	Credit loss allowance *HK$'000*	Accumulated tax losses *HK$'000*	Fair value adjustment on business combination *HK$'000*	Total *HK$'000*
Deferred tax arising from:								
At 1 April 2018	(4,438)	41,712	35	(11,951)	–	–	–	25,358
(Credited)/charged to profit or loss	(606)	9,231	(12)	(510)	–	–	–	8,103
Exchange adjustments	294	(2,772)	(2)	789	–	–	–	(1,691)
At 31 March 2019	(4,750)	48,171	21	(11,672)	–	–	–	31,770
(Credited)/charged to profit or loss	(597)	2,293	(11)	405	(458)	(2,516)	(7,682)	(8,566)
Acquisition of Weipin *(note 18)*	–	–	–	–	–	–	97,890	97,890
Exchange adjustments	307	(3,008)	(1)	703	12	43	(1,864)	(3,808)
At 31 March 2020	(5,040)	47,456	9	(10,564)	(446)	(2,473)	88,344	117,286

(ii) Reconciliation to the consolidated statement of financial position

	31 March 2020 ***HK$'000***	31 March 2019 *HK$'000*
Net deferred tax asset recognised in the consolidated statement of financial position	**(2,473)**	–
Net deferred tax liability recognised in the consolidated statement of financial position	**119,759**	31,770
	117,286	31,770

(b) Deferred tax assets not recognised

In accordance with the accounting policy, the Company and its subsidiaries have not recognised deferred tax assets in respect of cumulative tax losses amounting to HK$73,655,000 (2019: HK$123,875,000) as at 31 March 2020, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction of the Company and its subsidiaries.

The unutilised tax losses in the PRC established entities will expire in five years after the tax losses generated under current tax legislation in 2024 and thereafter. The tax losses in those Hong Kong incorporated companies can be utilised to offset any future taxable profits under current tax legislation.

17 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

There is no dividend declared attributable to the year ended 31 March 2020 (2019: Nil).

There is no dividends payable to owners of the Company attributable to previous financial year, approved and paid during the year ended 31 March 2020 (2019: Nil).

(b) Share capital

	Ordinary shares		Preferred shares		Total	
	Number of shares '000	*Nominal value HK$'000*	*Number of shares '000*	*Nominal value HK$'000*	*Number of shares '000*	*Nominal value HK$'000*
Shares of HK$0.01 each						
Authorised:						
At 1 April 2018, 31 March 2019 and 31 March 2020	11,000,000	110,000	5,000,000	50,000	16,000,000	160,000
Issued, paid or payable:						
At 1 April 2018	6,094,404	60,944	–	–	6,094,404	60,944
Conversion of convertible bond *(note 15(e))*	548,103	5,481	–	–	548,103	5,481
Purchase of own shares	(46,600)	(466)	–	–	(46,600)	(466)
At 31 March 2019	6,595,907	65,959	–	–	6,595,907	65,959
Purchase of own shares *(Note)*	(1,040)	–	–	–	(1,040)	–
At 31 March 2020	6,594,867	65,959	–	–	6,594,867	65,959

Note:

During the year ended 31 March 2020, the Company repurchased its own shares on the Stock Exchange as follows:

Month/year	**Number of shares repurchased**	**Highest price paid per share** *HK$*	**Lowest price paid per share** *HK$*	**Aggregate price paid** *HK$'000*
March 2020	1,040,000	0.68	0.58	680

The total amount paid on the repurchased shares of approximately HK$680,000 was paid wholly out of treasury shares.

18 BUSINESS COMBINATION

Acquisition of 35.5% equity share in Weipin

On 15 November 2019, Triple Talents Limited ("Triple Talents"), a wholly-owned subsidiary of the Company, entered into a series of agreements with Weipin and its affiliates, pursuant to which Triple Talents has agreed to subscribe for certain equity shares in Weipin. Upon completion of this transaction with a total investment of approximately RMB200 million, the Company has become the controlling shareholder through the majority voting right of the board of directors with all the decision-making powers over the activities of Weipin. The Company effectively holds 35.5% of the equity share capital of Weipin, and Weipin has become the holding company of the mobility services platform business.

The mobility services platform business will be one of the focal business areas developed by the Company, and the Company expects to closely engage in the operation and supervision of this new business to ensure its commercial development and sound financial performance. In addition, the mobility services platform business is expected to enjoy synergies with the existing businesses of its shareholders, including but not limited to fuel cost optimisation and vehicle leasing services.

Included in the Company and its subsidiaries' revenue from sales and services and loss for the year ended 31 March 2020, approximately HK$91,327,000 and HK$30,721,000 were attributable to Weipin respectively. Had the business combination been effected on 1 April 2019, the Company and its subsidiaries' revenue from sales and services and loss for the year ended 31 March 2020 would have been HK$197,512,000 and HK$34,336,000 respectively.

Details of the acquisition of Weipin is disclosed in the Company's voluntary announcement dated 25 November 2019. The transactions were approved by the Board on 11 November 2019 and completed on 15 November 2019.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed on the date of acquisition.

	Recognised values on acquisition *HK$'000*
Property, plant and equipment	383
Intangible assets *(note (a))*	395,885
Right-of-use assets	4,537
Other non-current assets	1,529
Other receivables	2,428
Cash and cash equivalents	12,767
Trade and other payables	(3,841)
Lease liabilities	(4,537)
Deferred tax liabilities	(97,890)
Total identifiable net assets acquired	311,261
Non-controlling interest	(200,763)
	110,498
Goodwill on acquisition *(note (b))*	112,837
Total consideration	223,335
Less: Cash and cash equivalents	(12,767)
Net cash outflow	210,568

Notes:

(a) The intangible assets of Weipin mainly include:

  (i) Online ride-hailing license, which represents a national online ride-hailing license issued by a provincial transportation authority as a qualification and license necessary to conduct mobility business. It was recognised as an intangible asset with amortisation period of 5 years and valued at historical cost method with an amount of HK$4.0 million;

  (ii) Drivers list, which represents the list of drivers registered on Weipin's platform. As of 15 November 2019, 79,203 active drivers were recognised as an intangible asset with amortisation period of 5 years and valued at replacement cost method with an amount of HK$20.2 million;

  (iii) Business relationship, which represents the contracts with certain aggregate traffic platforms awarding Weipin favourable platform charges which are lower than market rate. It was recognised as an intangible asset with amortisation period of 5 years and valued at incremental income method with an amount of HK$371.3 million.

(b) Goodwill represents the excess of consideration transferred over the fair value of identifiable assets and liabilities measured as at acquisition date. The Company performed a goodwill impairment test as at 31 March 2020, and no impairment was incurred.

(c) Weipin's net loss for the year ended 31 March 2020 attribute to the parent Company is approximately HK$10.9 million.

(d) According to the acquisition agreement between Triple Talents and Weipin and its affiliates, all acquisition-related costs were born by seller and guarantee.

BUSINESS REVIEW

The principal activities of the Company and its subsidiaries

The Company is an investment holding company principally engaged in the investment and management of global energy assets and the mobility services business. The principal activities of its subsidiaries and invested portfolio companies consist of mobility services platform, upstream oil and gas business, LNG liquefaction and exporting, LNG importing, processing and sales, and LNG logistics services, energy investment fund management as well as investment in energy-related and other industries and businesses.

Summary of key investment portfolios

1. Investment in global energy sector

1.1 Investment in upstream crude oil assets

The Company had made an acquisition of an upstream crude oil asset in 2016 at favourable costs and completed the investment in another upstream shale oil project in 2017.

1.1.1 Hongbo Mining Investment

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

Under the exploration and production cooperation contract entered into between Hongbo Mining and Yanchang, Yanchang (as the mineral right owner) and Hongbo Mining (as the operator) cooperate to explore for crude oil in Block 212 and Block 378 which together cover a region of 591 km^2 in Inner Mongolia; and Hongbo Mining and Yanchang are entitled to 80% and 20% of the sale proceeds (net of any sales related taxes), respectively. Block 212 had obtained from the Ministry of Land and Resources of the People's Republic of China a 15-year valid production permit covering Unit 2, Unit 19 and other areas in Block 212 in May 2017. Besides, Block 212 and Block 378 are entitled to exploration permit which are renewable for a term of two years after expiration. The current exploration permit in respect of Block 212 will expire on 3 April 2022, whereas the exploration permit of Block 378 had expired on 9 November 2019 with a new permit being in the process of application preparation.

The upstream oil industry experienced a substantial business cyclical upturn and oil price stayed between US$60 and US$70 for most of the time in 2019. However, the COVID-19 pandemic and the disagreement on oil price between OPEC and Russia had disrupted the market significantly in the first quarter of 2020. On the demand side the total consumption for 2020 is expected to be much lower than that in 2019. Currently, all players of the oil market have been working together to fix the imbalance problem. Data of the recent months showed a recovery in demand but all players are cautious in managing the supply side until a sustainable balance is reached. Hongbo Mining drilled 12 wells in FY2019 (including one well, the drilling of which began at the end of March 2019), all of which were successfully completed in 2019 and had achieved the anticipated target formations with a success rate of 100%. As of 31 March 2020, all of the production wells, reserves and resources estimated by Hongbo Mining are located in Block 212.

As a result, in FY2019 Hongbo Mining's oil production volume increased by approximately 4.8% to 406,290 barrels; its gross and net oil sales volume increased by approximately 2.5% to 400,279 barrels and 320,224 barrels, respectively. However, its gross revenue (equals to the net revenue from sale of crude oil plus the 20% crude oil entitlement for Yanchang) and net revenue from sales of crude oil decreased by approximately 9.4% to approximately HK$190.2 million and HK$152.2 million, respectively, as compared with FY2018, mainly due to the adverse effect of the COVID-19 pandemic and the imbalanced oil supply and demand. In response to the foregoing adverse effects, Hongbo Mining has quickly adjusted its production target by actively controlling production volume, reducing capital expenditures, and taking various measures for cost reduction and efficiency improvement. Besides, Hongbo Mining had actively negotiated with the buyer, and successfully reached a floor oil selling price starting from April 2020 to guarantee the interests of its shareholder.

The average unit production cost of Hongbo Mining decreased by HK$27 per barrel, or approximately 11.2%, from HK$241 per barrel (equivalent to US$30.7 per barrel) in FY2018 to HK$214 per barrel (equivalent to US$27.4 per barrel) in FY2019 due to continuous cost control and performance improvement. Accordingly, the average unit production cost before depreciation and amortization decreased by HK$21 per barrel, or approximately 18.3%, from HK$113 per barrel (equivalent to US$14.4 per barrel) in FY2018 to HK$92 per barrel (equivalent to US$11.8 per barrel) in FY2019.

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

	Year ended 31 March	
	2020	2019
Average daily gross production volume *(barrels)*	**1,129**	1,076
Average daily gross sales volume *(barrels)*	**1,112**	1,085
Average unit production cost before depreciation and amortisation *(HK$ per barrel)*	**92**	113
Average unit production cost *(HK$ per barrel)*	**214**	241
Average unit selling price *(HK$ per barrel)*	**475**	518

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

	Summary of expenditures incurred for the year ended 31 March			
	2020		2019	
	Number	**Cost *(HK$'000)***	Number	Cost *(HK$'000)*
Wells drilled during the year				
Oil producers	**12**	**51,131**	13	61,104
Total	**12**	**51,131**	13	61,104
Fracturing workover	**3**	**2,116**	4	2,453
Geological and geophysical costs	**–**	**2,914**	–	2,029

Based on the oil and gas reserves as at 31 March 2020 as estimated by independent technical consultants, the net 1P reserves of Hongbo Mining were 7.3 million barrels at stock tank conditions ("MMstb") and the net 2P reserves were 13.0 MMstb. Due to the macro challenges such as highly volatile prices of oil and gas industry, the net 1P and 2P reserves decreased by 19.8% and 15.0%, respectively, as compared with those as at 31 March 2019.

The below are the summary and review of the reserves and resources of Hongbo Mining as at 31 March 2020 and 31 March 2019, as conducted by the independent technical consultants, Gaffney, Cline & Associates ("GCA"):

	As at 31 March 2020		As at 31 March 2019	
	Gross *(MMstb)*	**Net** *(MMstb)*	Gross *(MMstb)*	Net *(MMstb)*
Proved (1P)	**9.2**	**7.3**	11.4	9.1
Proved + Probable (2P)	**16.3**	**13.0**	19.1	15.3
Proved + Probable + Possible (3P)	**20.5**	**16.4**	23.7	18.9
Contingent resources (1C)	**2.1**	**1.6**	2.1	1.6
Contingent resources (2C)	**3.5**	**2.8**	3.5	2.8
Contingent resources (3C)	**5.6**	**4.5**	5.6	4.5
Prospective resources	**9.7**	**7.76**	9.7	7.76

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

1.1.2 Stonehold investment

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

Stonehold holds certain world-class unconventional shale oil and gas assets (the "Target Assets"), covering approximately 24,082 gross acres (9,121 net acres) across Dimmit and La Salle counties in the Eagle Ford region of South Texas of the U.S.. The area of the target assets is liquid-rich, and the majority of the reserves are crude oil and natural gas liquid. Based on the information provided by Stonehold, the Target Assets consist of 210 producing wells currently, and the total net production and revenue of the Target Assets for the year 2019 were approximately 856,000 boe Note and US$37 million, respectively.

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

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

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

The income generated from the Term Loan in the form of interest income has provided the Company with a stable and considerable income with an amount of US$13.6 million in FY2019. However, due to the substantial decline in oil price in the first quarter of 2020, the Company recorded a loss in the fair value from the Stonehold investment as at 31 March 2020 amounted to US$30 million. The Company maintains its faith in the future oil price and market, and believes that any increase in the reserve and valuation of the Target Assets may increase the expected returns for its shareholders upon disposal of the Target Assets by Stonehold in the future as an amount equivalent to 92.5% of any net disposal proceeds will go to the Company under the Credit Agreement.

With liquidity challenges anticipated, Stonehold and its operators have formulated a production limit plan which had been implemented gradually since April 2020, adjusted the annual drilling plan, and effectively controlled the cost to improve the cash flow.

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

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

1.2 Investment regarding LNG business along the value chain

The Company, through its subsidiaries, has also made reasonable expansion of the energy related business portfolio and business model in order to capture the energy market opportunities and dynamics.

The natural gas market in China slowed down in 2019 but was still very promising, with total consumption growing to 307 billion cubic meters, which was in line with the Company's estimate. In addition, with low JKM LNG price and gas supply from Russia coming into play in 2020, the natural gas market in China will become more dynamic. The Company believes that some of its portfolio companies will benefit from current market situation.

1.2.1 JOVO Investment

On 28 July 2017, Valuevale Investment Limited, a wholly-owned subsidiary of the Company, completed the subscription of the shares allotted and issued by JOVO, which is principally engaged in clean energy businesses, including importing, processing and sale of LNG and LPG in China, at the consideration of RMB100 million (equivalent to approximately HK$115.2 million).

JOVO's operational performance was very robust in 2019, as its flexibility in supply help it to capture the value from spot market. The Company believes that the depression on spot market will continue in the year 2020 and this will significantly help JOVO to achieve a great financial performance in the eve of becoming a listed company.

The sweeping overseas outbreak of the COVID-19 pandemic in the second quarter of 2020 led to the sharp drop of the international LNG spot price to less than RMB1,000/ton, while the recovery of domestic economic activities was rapid, and the domestic LNG price remained at the level of RMB2,500 to RMB3,000/ton, so JOVO could make full use of the price differential between domestic and foreign markets to increase its profitability.

JOVO had filed its initial public offering (the "IPO") in China and is in the review process. The Company believes that an IPO will help JOVO to expand in size and boost its profit with more proceeds. JOVO plans to use proceeds from IPO to purchase two state-of-art mid-size LNG vessels. This will further expand its LNG business in terms of volume and coverage area and will position JOVO in a very competitive place in a more flexible LNG trading world.

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

1.2.2 GNL Quebec Investment

On 30 November 2017, the Company, through its subsidiary, entered into an agreement of purchase and sale with an investment fund for purchasing its interests in GNL Quebec at the purchase price of US$3.15 million (equivalent to approximately HK$24,633,000). On 26 July 2018, the Company made a subsequent investment of US$1 million (equivalent to approximately HK$7,800,000) to support the project's ongoing development. The Company holds minority interest in GNL Quebec as at 31 March 2020.

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

During the year 2019, GNL Quebec has achieved many important milestones, including significantly de-risking the project in key areas such as regulatory, commercial, environmental, technical, and stakeholding. GNL Quebec also expanded its team of experienced employees, consultants and contractors in the year 2019 which enabled it to build a strong foundation and position itself for success in the year 2020.

In the year 2019, GNL Quebec has secured additional US$21.2 million at its 1st closing of the fourth round funding in the mid-year and secured additional US$15.45 million of convertible notes in December. All these funding have successfully helped the GNL Quebec to maintain its development pace. It is expected that more funds will be required in the future, and the fund raising was delayed by the COVID-19 pandemic.

GNL Quebec remains on-track to obtain required permits for a LNG plant to achieve preliminary work decisions for the plant in the second half of 2020 (most likely in the fourth quarter) and followed by early construction work, and a full notice to proceed with a final investment decision ("FID") planned for the second half of 2021. In respect to the natural gas supply, the Canadian current natural gas market conditions and forecast, together with gas transportation cost, are moving in favour of increasing cost competitiveness for the Project. GNL Quebec is also very active in marketing their products in Europe and Asia, since the Project is uniquely located in the east coast of Canada, which attracts interested buyers from Europe. GNL Quebec is carefully evaluating different pricing models in order to meet customers' needs while securing good return for investors.

1.2.3 LNGL Investment

On 13 June 2018, the Company, through its subsidiary, completed the subscription for 56,444,500 shares allotted and issued by LNGL, a company principally engaged in developing LNG export terminal projects in North America, at an aggregate subscription price of A$28.2 million (equivalent to approximately HK$166.8 million). The Company is the second-largest shareholder, holding a 9.8% equity interest in LNGL.

In 2019, LNGL continued its emphasis on signing long-term offtake contracts with market competitive contract pricing while ensuring that the best in class project execution and delivery strategy is fully ready to meet customer needs arising in this LNG market environment. LNGL had been targeting end-users and LNG-to-power projects in Asia and Europe that stand to benefit most from the stability and affordability of long-term LNG contracts. Efforts to select Asian counterparties especially in Vietnam progressed in the period.

LNGL had over the last year evaluated potential corporate and asset transactions to provide liquidity and value for its shareholders. As at 31 December 2019, LNGL had total cash position at AU$8.3 million without debt. Affected by the adverse dynamics in the general global economy and the oil and gas market, LNGL's cash reserves were insufficient to sustain operations in the long run. To secure additional funding to continue operating, LNGL made a sale of interests in its subsidiaries that own the Magnolia LNG project to a purchaser in late May 2020. LNGL and the purchaser had also agreed to work together (on a non-exclusive basis) on a potential recapitalisation proposal for LNGL. The Bear Head LNG project, situated in Nova Scotia, Canada, remains owned by entities controlled by LNGL.

The Company is closely monitoring the situation of LNGL, including the development of the potential recapitalisation proposal, and evaluating its options with respect to the investment, including taking any actions it considers appropriate and necessary to preserve value and mitigate risk.

1.2.4 JUSDA Energy Investment

On 25 September 2018, the Company, through one of its wholly-owned subsidiaries, has entered into an agreement for a joint venture (the "JV Agreement") with JUSDA Supply Chain Management International CO., LTD.* (準時達國際供應鏈管理有限公司) ("JUSDA") and the management team (the "Management"), in relation to the formation of JUSDA Energy, to be engaged in LNG logistics services. The Company made contribution of HK$43,937,000 to JUSDA Energy pursuant to the JV Agreement and the completion of such investment took place on 21 December 2018. On 8 January 2020, the Company made a subsequent investment of HK$17,462,200 to JUSDA Energy pursuant to the JV Agreement. The Company will hold a 39% equity interest upon completion of all capital contribution in JUSDA Energy.

JUSDA Energy has been progressing on developing new business in and outside of China in 2019. JUSDA Energy has established business relationship with multiple Chinese companies, and has signed a favourable long-term contract with an important gas company to help it to distribute its LNG in China. In addition, JUSDA Energy has signed a memorandum of understanding with a Japanese company to utilize JUSDA Energy's LNG receiving terminal to transfer and distribute LNG. The Company believes that JUSDA Energy's unique business model targets a specialized market; together with its operational ability, JUSDA Energy will extend its business to different regions.

The COVID-19 pandemic disrupted the production and the project operation node of JUSDA Energy was postponed. However, the low-cost global price brought by the pandemic helped JUSDA Energy to rapidly expand into the markets and regions with insufficient infrastructure, and avoided the huge investment in large infrastructure by using LNG tanks.

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

Although the global LNG market is slightly muted at the moment, the Company believes that the low-price environment will help the market to grow. The Company will continue to look for opportunities to invest in natural gas projects with an emphasis on downstream.

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

* *For identification purposes only*

2. *Investment in mobility services businesses*

2.1 Weipin Investment

The Company has set foot in new mobility industry to diversify income stream and maximise returns for its shareholders in late 2019. On 15 November 2019, Triple Talents Limited ("Triple Talents"), a wholly-owned subsidiary of the Company, entered into a series of agreements with Weipin and its affiliates, pursuant to which Triple Talents has agreed to subscribe for certain shares in Weipin. Upon completion of this transaction with a total investment of approximately RMB200 million, the Company effectively holds 35.5% of the equity share of Weipin, but has the majority voting right of the board of directors with all the decision-make power over the activities of Weipin. Weipin has become the holding company of the mobility services platform business.

The mobility services platform is one of the focal business areas developed by the Company, and the Company expects to closely engage in the operation and supervision of this new business to ensure its commercial development and sound financial performance. In addition, the mobility services platform is expected to enjoy synergies with the existing businesses of its shareholders, including but not limited to fuel cost optimization.

For more details of the Company's investment in Weipin, please refer to the voluntary announcement of the Company dated 25 November 2019.

Set out below is information of key business aspects of the mobility services business of Weipin.

Business Model

Weipin, through its operation subsidiaries (the "Mobility OPCOs"), is committed to creating a fast and standardized mobility services system, connecting all participants in the mobility market, tapping into the market traffic through the traffic platform in an aggregation mode, and generating synergies by optimizing vehicle energy costs. The aggregation mode has become the current trend of online car-hailing operations in China. The Mobility OPCOs, as transportation service providers, access large traffic in the aggregation platform and meet the needs of passengers through the division of labor between the upstream and downstream of the industry chain. Under the aggregation mode, the online car-hailing services consist of the passenger demand providers represented by "Didi" and "Gaode Map" which generate online traffic of passengers, and drivers and vehicle providers represented by the Mobility OPCOs, which are responsible for executing the orders of passengers. The Mobility OPCOs rely on a high-quality driver management system and refined operating cost control to ensure that the online car-hailing orders imported through the aggregation platforms are perfectly executed.

The Mobility OPCOs have signed information service cooperation agreements with the two major aggregation traffic platforms on the mobility market, namely "Gaode Map" and "Didi". The Mobility OPCOs take full advantage of the scale, traffic and reputation of "Gaode Map" and "Didi" on the customer-end, participate in the operation on the business-end in a light-weight asset manner, and complete the orders of the Mobility OPCOs and from passengers with high quality. In the cooperation between the Mobility OPCOs and the aggregation traffic platforms, full fares paid by passengers are collected by the Mobility OPCOs. The aggregation traffic platforms collect a certain percentage of the platform charges from the Mobility OPCOs, and the remaining fares are controlled and allocated by the Mobility OPCOs. The software system of the Mobility OPCOs sets certain operating parameters to automatically calculate the proportion of fares payable to drivers, which include a fixed percentage of drivers' fees and the rules for determining drivers' incentives. Drivers can collect their confirmed payment on the driver application run by the Mobility OPCOs one week after the order was completed.

The Mobility OPCOs operate a number of brands, such as BLUE AVE Travel* (藍道出行), I.E.V Taxi* (哎呦喂打車), AA Travel* (AA出行), and Duocai Travel* (多彩出行), with business covering major cities as Guangzhou, Shenzhen, Hangzhou, Suzhou, and Chengdu etc.. In the future, the brand matrix mainly will compose of BLUE AVE Travel and I.E.V Taxi. In order to promote the popularity of Weipin's brands among the drivers, and to improve the brand system, the Mobility OPCOs plan to promote and operate the two major brands, BLUE AVE Travel and I.E.V Taxi, in major cities, which will target the premier car services and express car services in the aggregation traffic platforms of "Gaode Map" and "Didi", respectively.

Operation Process

Operations are mainly divided into strategic operation and city operation. Strategic operation focuses on adjusting customer-end prices, setting the percentage of drivers' fees in the full fares payment, and adjusting driver incentives strategies. City operation focuses on accomplishing the operation objectives through the maintenance and construction of the driver system. Weipin, through the Mobility OPCOs, implements its strategy in accordance with detailed city development plans and differentiates its strategies for different types of cities while constantly expanding its operation into new cities.

Weipin, through the Mobility OPCOs, has been operating in 19 major cities of China, such as Guangzhou, Hangzhou and Chengdu, etc., with a total of approximately 80,000 registered online car drivers. As of 31 March 2020, the average daily order volume in March 2020 was 22,546 orders. With the continuous improvement of the domestic COVID-19 pandemic control, people's enthusiasm and frequency for mobility services recover. In June 2020, the daily order volume of Weipin has nearly tripled, reaching 50,000 orders.

* *For identification purposes only*

Major Customers and Suppliers

The customers of the mobility services business are individual passengers who use Weipin's platform for online car-hailing services.

The suppliers of the mobility services business consist of:

1 the drivers from Weipin's driver platform: The drivers and the Mobility OPCOs enter into an electronic contract through the platform registration procedure. After completion of the application procedure and provision of certain necessary documents, the drivers become registered drivers on Weipin's platform. The fees payable to drivers from the Mobility OPCOs include a fixed percentage of the full fares paid by passengers and additional incentives and rewards; and

2 the aggregation traffic platforms: As suppliers of passenger traffic, the aggregation traffic platforms charge a certain percentage of the fares of each order as the service fee for traffic import. Among the aggregation traffic platforms, operators of "Gaode Map" and "Didi" are both contracting parties with the Mobility OPCOs of Weipin.

Key Factors Driving Core Business Performance

1 Trips per day: "Trips per day" is defined as the number of completed rider-hailing orders per day. It is believed that "trips per day" is a useful metric to measure the scale and usage of Weipin's platform. Changes in "trips per day" are a key factor affecting Weipin's profits. The Company expects that the number of "trips per day" continues to grow as more drivers are expected to register on Weipin's platform, and Weipin will continue to use incentives and promotions to attract more drivers. These incentives and promotions may include new driver referral programs and driver incentives strategy. It is believed that the launch of the new strategy, together with the expansion of operation into new cities, will further increase the number of "trips per day".

2 Gross margin: The gross margin of the mobility services business represents revenue less the following direct costs and expenses: (i) fees payable to drivers, (ii) platforms charges, (iii) amortisation of intangible asset aquired in business combination, (iv) drivers' incentives and referral incentives, and (v) other operation costs.

3 Drivers' incentives and referral incentives: Drivers' incentives refer to payments that the Mobility OPCOs make to drivers separate from and in addition to the fees payable to drivers from the total fare paid by the passengers over a defined period of time, and referral incentives refer to the payment the Mobility OPCOs make to existing drivers for recruitment of new drivers. These incentives ensure a steady supply of drivers on Weipin's platform.

4 Percentage of full-time drivers: A full-time driver is defined as a driver who works for more than 8 hours per day on Weipin's platform. Maintaining core driver resources, including full-time drivers, is an important factor of Weipin's competitiveness. Therefore, Weipin increases the percentage of full-time drivers by increasing their income (including reducing their operating costs), providing safeguarding measures for drivers, and improving their sense of belonging to Weipin's platform.

Revenue Recognition

Weipin is the key player in providing online car-hailing services, and should recognize revenue based on the full fares paid by passengers, net of value added tax and the surcharge. According to the Interim Measures for the Management of Online Ride-Hailing Services* (《網絡預約出租汽車經營服務管理暫行辦法》) published by the Ministry of Transport of the People's Republic of China (the "PRC"), the agreements between the aggregation traffic platforms and the passengers, and the agreements between the Mobility OPCOs and the aggregation traffic platforms, the Mobility OPCOs bear the main responsibility for providing passengers with online car-hailing services, ensuring the quality of the service and handling complaints raised by passengers. In addition, the Mobility OPCOs purchase carrier liability insurance for each order.

Prospect of the New Mobility Industry

As China has fully embraced the concept of the "sharing economy", the Company believes that the online ride-hailing industry represents a fast growing and underpenetrated market opportunity. Its massive addressable market size and the variety of societal elements galvanized by its network demonstrate its significance. The Company believes that the perception of urban transportation is starting to shift away from car ownership to transportation-as-a-service, and the Company aims to be at the forefront of this revolutionary societal change.

The Company has chosen a unique angle to initiate this ambitious venture with the mobility services platform, which manages hundreds of thousands of drivers and vehicles to supply ride services to online ride-hailing companies such as Didi and Gaode Map. Weipin aims to resolve the need of both consumers and relevant regulatory agencies to improve the quality and safety of online ride-hailing services. Weipin also aims to resolve the industry's current challenge of lacking compliant drivers. With the mobility services platform, Weipin will charge a take rate from the gross merchandise value (GMV) of every ride it supplies, which will secure its healthy operating cash flow. The goal is to create value through efficient drivers and fleets management. This will be achieved by a well-designed combination of online data-driven analysis and offline guided interaction with drivers.

* *For identification purposes only*

Major Operational Risks and Risk Management Measures

1. **The mobility services industry is highly competitive, with well-established and low-cost alternatives that have been available for decades, low entry barriers, low switching costs, and well-capitalized competitors in nearly every major geographic region. If Weipin is unable to compete effectively in this industry, the business and financial prospects of the Company would be adversely impacted.**

   To remain competitive in the market and attract more drivers, Weipin has lowered, and shall continue to lower its operating cost. Weipin has also offered and expects to continue to offer some driver incentives which may adversely affect its financial performance.

   Weipin will continue to offer incentives to drivers. Weipin will increase the drivers' earning by increasing the fixed fees payable to drivers for a given trip and its incentives to drivers. Further, Weipin's prospective investors have indicated to continue to provide more resources and access to larger driver pools in a particular geographic market in the future.

2. **If Weipin is unable to attract or maintain a critical mass of drivers, its business will become less appealing to business partners, and the financial results of the Company would be adversely affected.**

   If the drivers choose not to offer their services through Weipin's platform, or elect to offer their service through platforms of Weipin's competitors, Weipin may lack a sufficient supply of drivers to attract business partners, which may result in a profit decrease.

   To continue to retain and attract drivers to Weipin's platform, Weipin will need to continue to invest in the development of new driver service system that provides additional value for drivers, which differentiates it from its competitors. Specific measures include:

   (1) Outstanding full-time drivers will be rewarded with the services of exclusive service managers, as well as tea breaks and other services at service stations;

   (2) Weipin will integrate the resources of the automobile service industry, cooperate with other companies in relevant industries, and provide core drivers with services such as charging, vehicle insurance, vehicle maintenance, and traffic violation handling;

   (3) Weipin will select high-performance drivers on a regular basis and reward them with a certificate or a medal, giving them a strong sense of honor and enhancing their loyalty to Weipin's platform.

Management of Energy Investment Fund

On 20 November 2018, the Company and its subsidiary set foot in energy investment funds management through entering into a framework agreement (the "Framework Agreement") with Yantai Jereh Petroleum Service Group Co., Ltd.* (煙台傑瑞石油服務集團股份有限公司) ("Jereh") for cooperation on the establishment, operation and management of an energy investment fund (the "Energy Investment Fund"). Jereh, listed on the Shenzhen Stock Exchange (Stock code: 002353), is an international group specializing in equipment manufacturing, oil and gas engineering and construction and oilfield technology services.

Hengqin Harmony Rongtai Investment Management Limited* (橫琴和諧榮泰投資管理有限公司) ("Rongtai Investment Management"), incorporated in the PRC and a wholly-owned subsidiary of the Company, is a private equity and venture capital fund manager registered with the Asset Management Association of China (中國證券投資基金業協會) specializing in private equity fund establishment and investment management in the energy industry.

After the execution of the Framework Agreement, Jereh and Rongtai Investment Management had endeavoured to establish the Energy Investment Fund. However, with these recent events, oil prices and equity markets began to tumble around the globe, and energy equity funds experienced historic difficulties in the first quarter of 2020. Upon negotiation and mutual consent, Jereh and Rongtai Investment Management have entered into a termination agreement to terminate the Framework Agreement and the cooperation contemplated thereunder.

The Company will continue to seek for new opportunities in the area of management of energy investment fund to broaden the revenue and profit potential of the Company and enhance shareholders' value in long term.

Use of proceeds from the Subscription

On 29 July 2016, the Company completed the reverse takeover transaction (the "RTO", as defined in the circular of the Company dated 29 June 2016 (the "RTO Circular")) which involved, among others, a subscription of certain ordinary shares (the "Ordinary Shares") and preferred shares (the "Preferred Shares") of the Company by Titan Gas Technology Investment Limited ("Titan Gas") and other subscribers (the "Subscription").

* *For identification purposes only*

The following table summarizes the intended use of proceeds and the actual use of proceeds as at 31 March 2020.

Transaction	**Gross proceeds** *HK$ million*	**Amount received as at 31 March 2020** *HK$ million*	**Amount receivable as at 31 March 2020** *HK$ million*	**Intended use of proceeds as disclosed in the RTO Circular**	**Intended use of proceeds (after the change as announced on 8 March 2017 and the further change as announced on 27 September 2017)**	**Actual use of proceeds as at 31 March 2020**
Subscription	2,690	2,626 *(Note 1)*	Nil *(Note 1)*	– approximately HK$60 million for the payment of the transaction expenses;	– approximately HK$66 million for the payment of the transaction expenses;	– approximately HK$66 million was used to settle the payment of the transaction expenses;
				– approximately HK$665 million for the payment of the consideration for the acquisition of the entire equity interest of Hongbo Mining;	– approximately HK$652 million for the payment of the consideration for the Acquisition;	– approximately HK$652 million was used to settle the payment of the consideration for the Acquisition;
				– approximately HK$400 million to finance the repayment of Hongbo Mining's outstanding payables and borrowings;	– approximately HK$400 million to finance the repayment of Hongbo Mining's outstanding payables and borrowings;	– approximately HK$400 million was used for repayment of Hongbo Mining's outstanding payables and borrowings;
				– approximately HK$800 million to finance the development plan of the currently explored areas in Block 212;	– approximately HK$800 million to finance the development plan of the currently explored areas in Block 212 *(Notes 1 and 2)*;	– approximately HK$194 million was used for the development work in Block 212 *(Note 1)*;
				– approximately HK$450 million for exploration and development of other areas in Block 212;	–	–

Transaction	Gross proceeds *HK$ million*	Amount received as at 31 March 2020 *HK$ million*	Amount receivable as at 31 March 2020 *HK$ million*	Intended use of proceeds as disclosed in the RTO Circular	Intended use of proceeds (after the change as announced on 8 March 2017 and the further change as announced on 27 September 2017)	Actual use of proceeds as at 31 March 2020
				– approximately HK$115 million to finance the operating expenses of Hongbo Mining as well as the Company and its subsidiaries; and	– approximately HK$111 million to finance the operating expenses of Hongbo Mining as well as the Company and its other subsidiaries *(Note 2)*; and	– approximately HK$69 million was used for the general working capital of the Company and its subsidiaries;
				– approximately HK$200 million for expanding the business of the Company and its subsidiaries by acquiring other oil companies and the further exploration, development and production of the other newly acquired oil and gas projects.	– approximately HK$661 million for expanding the business of the Company and its subsidiaries through investments in other oil and gas companies or projects *(Note 2).*	– Approximately HK$661 million, together with HK$465 millions from unutilized proceeds of development of Unit 2 and Unit 19 of Block 212, totalling HK$1,126 million was used in respect of the provision of the Term Loan (Note 2); and
						– approximately HK$119 million from unutilized proceeds of development of Unit 2 and Unit 19 of Block 212 and working capital was used for the subscription of shares in Jovo and the transaction expenses.

Notes:

1. On 29 July 2016, as part of the Subscription, the Company issued a total number of 443,369,176 Preferred Shares to Aquarius Growth Investment Limited ("Aquarius Investment") (the "Aquarius Subscription"), among which, 343,369,176 Preferred Shares were fully-paid and 100,000,000 Preferred Shares were partially-paid (the "Unpaid Preferred Shares"). With respect to the Unpaid Preferred Shares, Aquarius Investment partially paid an amount of HK$3,348,000 (the "Partial Paid Amount") and an outstanding amount of HK$63,612,000 remained unpaid, which became due and payable on 28 July 2017. On 28 September 2017, the Unpaid Preferred Shares, i.e., the whole of the 100,000,000 preferred shares, with the amount of HK$66,960,000 were forfeited and cancelled. As agreed by the Company and Aquarius Investment, the Partial Paid Amount will not be refunded to Aquarius Investment and the Board has sole discretion on the use of the Partial Paid Amount. In light of such shortfall in the amount of proceeds received as compared to that contemplated at the time of the Subscription, taking into account the actual utilization of proceeds and the circumstances of the operations of the Company and its subsidiaries, the Company has decided that a total amount of HK$736.39 million from the proceeds, being HK$800 million minus HK$63.61 million, be used to finance the development plan of the currently explored areas in Block 212. As at 31 March 2020, save for the amount of HK$63,612,000 with respect to the aforesaid cancelled and forfeited Preferred Shares, the Company had received all proceeds from the Subscription.

2. With respect to the Term Loan as disclosed in the section headed "Stonehold investment", the Company has made the following arrangements for the use of proceeds (after the reallocation as announced on 8 March 2017):

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

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

As at 31 March 2020, all of HK$2,626 million of the proceeds from the Subscription had been utilized pursuant to the intended use of proceeds (after the change as announced on 8 March 2017 and the further change as announced on 27 September 2017) and relevant arrangements for the use of proceeds as set out above.

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

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

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

Use of proceeds from the Foxconn Subscription

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

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

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

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

(i) as to approximately HK$1,100 million for potential investment in or acquisition of targets in the natural gas industry along the value chain, both in China and in North America (including but not limited to LNG export terminal projects in Canada, LNG receiving terminal projects in China, companies engaged in importing, processing and sale of LNG, and city gas companies or natural gas distribution companies in China), among which HK$376 million had been utilized for investments in the natural gas industry as at 31 March 2020;

(ii) as to approximately HK$300 million to expand the business of the Company through investments in upstream shale gas and/or shale oil assets or projects overseas, especially within high quality basins in North America, which had not been utilized as at 31 March 2020; and

(iii) as to approximately HK$83 million to other investments for the future development that is in line with the business strategies of the Company, all of HK$83 million had been utilized for investments in the online ride-hailing industry as at 31 March 2020.

As at 31 March 2020, an aggregate amount of HK$459 million had been utilized pursuant to the intended use. At the date of this announcement, the Board resolved to change the intended use of unutilized net proceeds from the Foxconn Subscription. For details, please refer to the section "Change in Use of Proceeds from the Foxconn Subscription" of this announcement.

OUTLOOK

The Company is committed to achieving superior risk-adjusted returns, through privately negotiated investments in the energy and mobility service sector. For investments in the energy sector, the Company has a team of dedicated investment professionals focusing exclusively on energy as well as analysing opportunities across sub-sectors, geographies, and the capital structure. The Company strives to leverage its expertise to build differentiated businesses in the energy value chain where it believes to be valuable. The Company's current energy investment portfolios are primarily in the upstream crude oil assets and LNG business of the energy industry. With the deep layout of energy industry chain, the Company had expanded its investment territory to mobility service sector to diversify income stream and maximise returns for its shareholders. In addition, the mobility services platform is expected to enjoy synergies with the existing businesses of its shareholders, including but not limited to fuel cost optimization.

Oil price has been very depressed and volatile in the aftermath of the COVID-19 and back-and-forth discussions about production curtailment among oil producers. According to the International Energy Agency (IEA)'s latest oil market report, oil demand has shown positive signs of recovery; however, the current level of demand is far lower than the previous level. On one hand, the market is flooded with many uncertainties including the most important one, the possible resurgence of COVID-19. On the other hand, global oil supply is set to fall by a spectacular 12 mb/d in May 2020 to a nine-year low of 88 mb/d, as the OPEC+ agreement takes effect and production of other oil producers declines. The action taken by producers has significantly rebalanced market, but they will need to monitor the development very carefully so that the market could be in a healthy situation. It is hard to predict when the oil price could return to a balanced level, but it is firmly believed that the current oil price could not sustain. In response to the adverse effects of the COVID-19, the Company's upstream portfolio investments have quickly adjusted their respective annual production target by actively limiting production, reducing capital investment, and taking various cost reduction and efficiency improvement measures. Besides, Hongbo Mining had actively negotiated with the buyer, and successfully reached a floor oil sales price to ensure the interests of its shareholder.

As for the global LNG market, although the worldwide LNG price stays in the low range, the LNG production volume continues to grow. The Company believes this low-price environment will help LNG market to grow even faster than 2019, especially in the regions with high fuel and power price. China showed some sign of slower growth in consumption, but from the aspect of the source of supply, LNG still delivered a double-digit growth rate for the year 2019. As for the investment in JOVO, the overseas spread of COVID-19 led to the sharp drop of the international LNG spot price to less than RMB1,000/ton, but the recovery of domestic economic activities was rapid, and the domestic LNG price remained at the level of RMB2,500 to RMB3,000/ton, so JOVO could make full use of the price differential between domestic and foreign markets to increase its profitability.

The Company's performance has been negatively affected by the macro environment, but as stated above, current crude oil price could not sustain, the fundamentals of oil price recovery are changing, and now the business of energy sector is significantly picking up. It's worth reflecting on the Company's longer term performance, as the energy industry has faced an incredibly tumultuous time in recent years, with highly volatile commodity prices and dynamic geopolitical environment. The Company's investment strategy has allowed the Company to exploit opportunities arising from industry's distress. And the Company will continue to focus on improving shareholder value in the following two ways. The Company will be continuously driving operational improvement and seeking attractive growth opportunities for its upstream portfolio investments. Also, the Company shall pay close attention to the market environment and consider potentially exiting its mature investments so as to seize opportunity and realize value.

In addition, the Company's focus has partially shifted to mobility services platform business before the outbreak of the COVID-19. The mobility services sector will be one of the focal businesses to develop for the Company, and the Company expects to closely engage in the operation and supervision of this new business to ensure its commercial development and sound financial performance. China has embraced the spirit of the "sharing economy" and has witnessed its rapid development across both new and traditional industries. In China, as the COVID-19 pandemic is gradually under control, the new mobility industry represents a market with an annual transaction volume of more than RMB300 billion, which is expected to reach RMB500 billion in the second half of 2022. Currently there are more than 10 billion ride orders recorded per year. The Company believes that the new mobility industry represents a fast growing and underpenetrated market opportunity. The aggregation mode effectively connects the demand and supply side of mobility services, greatly improving turnover efficiency, response efficiency and ride experience, driving the growth of the mobility industry penetration rate and promoting the high-speed development of the industry, which can positively benefit the Company and its shareholders.

Looking forward, the top priority of the Company is working with its operating teams to navigate choppy waters and protecting investment principal. Despite its solid cash position, the Company will also explore suitable capital-raising channels, including leveraging both equity and/or debt markets, as well as other financing possibilities. The Company believes that it is well positioned for rapid development when attractive investment assets become available. The Company will endeavour to present unique investment opportunities for its Shareholders to gain exposure to a diversified, top-quality asset portfolio and strive for substantial returns.

FINANCIAL RESULTS REVIEW

Revenue from sales and services

Revenue from sales and services includes revenue from sales of goods approximately HK$152.2 million and revenue from rendering of mobility services approximately HK$91.3 million:

(1) Revenue from sales of goods

The revenue from sales of goods represents the crude oil net sales from Hongbo Mining, a wholly-owned subsidiary of the Company. It decreased by HK$15.8 million, or 9.4%, from HK$168.0 million in FY2018 to HK$152.2 million in FY2019.

The decrease was mainly due to the comprehensive effect from the decrease in crude oil average selling prices and the slight increase in Hongbo Mining's net sales volume. Hongbo Mining's crude oil is priced mainly with reference to Brent Crude oil prices. The average Brent Crude oil price in FY2019 decreased to approximately HK$475 per barrel as compared to approximately HK$550 per barrel in FY2018. On one hand, the average unit selling price of Hongbo Mining's crude oil decreased to approximately HK$475 per barrel in FY2019 from HK$518 per barrel in FY2018, which was consistent with the trend of global oil prices. On the other hand, Hongbo Mining's net sales volume slightly increased to 320,224 barrels in FY2019 from 312,384 barrels in FY2018, which was mainly due to new wells drilled and the impact of fracture in FY2019. For further details on the increase of the production volume, please refer to "Business Review — Hongbo Mining Investment".

(2) Revenue from mobility services

The revenue from rendering of mobility services represents the online ride-hailing services provided by Weipin, a subsidiary of the Company. The amount of revenue from rendering of mobility services represents the value of full fares paid by passengers, net of value added tax and the surcharge. From 15 November 2019 (acquisition date of Weipin) to 31 March 2020, Weipin recorded 3,088,786 orders and a total revenue of HK$91.3 million from the operation of mobility services, with an average revenue per order of HK$30.

Cost of sales and services

Cost of sales and services includes cost of sales of goods of HK$87.0 million and cost of rendering of mobility services of HK$118.7 million:

(1) *Cost of sales of goods*

Cost of sales of goods represents the cost of sales of crude oil from Hongbo Mining, which decreased by HK$6.4 million, or approximately 7.0%, from HK$93.3 million in FY2018 to HK$87.0 million in FY2019.

Due to the strong operational progress made and the improvement of production efficiency, the average unit production cost decreased by HK$27 per barrel, or approximately 11.2%, from HK$241 per barrel (equivalent to US$30.7 per barrel) in FY2018 to HK$214 per barrel (equivalent to US$27.4 per barrel) in FY2019 due to continuous cost control and performance improvement. Besides, the average unit production cost before depreciation and amortization decreased by HK$21 per barrel, or approximately 18.3%, from HK$113 per barrel (equivalent to US$14.4 per barrel) in FY2018 to HK$92 per barrel (equivalent to US$11.8 per barrel) in FY2019.

(2) *Cost of rendering of mobility services*

The cost of rendering of mobility services represents the cost of operating the online rider-hailing services by Weipin, which includes the following:

(i) Earnings to drivers amounting to approximately HK$72.0 million, which is the cumulative payments to the drivers;

(ii) Amortization of intangible assets of approximately HK$31.1 million, which includes the online ride-hailing license, drivers lists, and business relationship. For further details of the intangible assets, please refer to Note 10 to the financial information of this final results announcement;

(iii) Platforms charges amounting to approximately HK$11.0 million, which is the service fee paid to aggregation traffic platforms; and

(iv) Driver incentives and referrals amounting to approximately HK$4.6 million, which is the payments distributed to drivers as reward of achieving certain operational targets.

Investment (loss)/income

Investment (loss)/income mainly includes the following:

(i) the fair value loss from the Stonehold investment of HK$143.3 million. The loss of change of fair value from the Stonehold investment mainly resulted from the substantial decline in oil price in the first quarter of 2020, which was largely due to the severely reduced oil demand caused by the COVID-19 pandemic. In addition, Russia's decision not to join the oil production cut in early March 2020, followed by Saudi Arabia's announcement made in March 2020 to increase production in April 2020, has further exacerbated the imbalance of the oil market, creating a massive glut and driving oil price to a historic low;

(ii) the fair value loss resulting from the stock price changes of HK$116.6 million from the LNGL investment;

(iii) the net fair value gain from other investments, share of losses of an associate and dividend income of totalling HK$15.9 million.

Administrative expenses

Administrative expenses increased by HK$18.5 million, or approximately 27.7%, from HK$66.8 million in FY2018 to HK$85.3 million in FY2019. The increase in administrative expenses was primarily due to the consolidation of Weipin. The administrative expenses incurred in Weipin of HK$13.4 million mainly include the payroll to staffs. Other than that, the administrative expense of the Company does not have significant change.

Taxes other than income tax

Taxes other than income tax decreased by HK$3.7 million, or approximately 24.5%, from HK$15.1 million in FY2018 to HK$11.4 million in FY2019, which was mainly due to (i) the decrease in resources tax levied on the sale of crude oil attributable to the revenue decrease of Hongbo Mining, and (ii) the decrease of petroleum special profit taxation which was accrued only when the oil prices exceeding US$65 per barrel.

Exploration expenses, including dry holes

The exploration expense increased HK$0.9 million, or approximately 43.6%, from HK$2.0 million in FY2018 to HK$2.9 million in FY2019, which was mainly due to the increase of exploration activities.

Net finance income/(costs)

The Company and its subsidiaries recorded net finance cost of HK$118.5 million in FY2018 and net finance income of HK$1.9 million in FY2019. The significant change was primarily due to the redemption of certain convertible note in FY2018.

Profit/(Loss) before taxation

Profit/(Loss) before taxation significantly decreased by HK$339.3 million from a profit of HK$35.5 million in FY2018 to a loss of HK$303.8 million in FY2019, which was primarily due to the cumulative effects of factors as discussed above in this section.

Income tax

Income tax consists of deferred tax expense and current tax expense, which changed from a deferred tax expense of HK$8.0 million in FY2018 to deferred tax credit of HK$8.6 million and current tax expense of HK$1.5 million in FY2019.

The deferred tax credit in FY2019 consists of (1) deferred tax liability arising from Weipin's intangible assets recognized at the acquisition date of approximately HK$7.7 million; (2) deferred tax asset arising from the unused tax losses from Weipin of approximately HK$2.5 million; and (3) other changes on deferred tax assets and liabilities arising from the temporary differences of the provision for abandonment, depreciation of oil and gas properties of Hongbo Mining of approximately HK$1.6 million.

Profit/(Loss) for the year

Profit/(Loss) for the year significantly decreased by HK$324.1 million from a profit of HK$27.4 million in FY2018 to a loss of HK$296.7 million in FY2019 which was primarily due to the cumulative effects of factors as discussed above in this section.

EBITDA

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

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

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

	Year ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
(Loss)/Profit before taxation	**(303,843)**	35,482
Add: Interest expenses	**7,409**	149,336
Add: Depreciation and amortisation	**85,456**	51,818
EBITDA	**(210,978)**	236,636

The EBITDA changed from a profit of HK$236.6 million in FY2018 to a loss of HK$211.0 million in FY2019. The significant decrease of EBITDA is primarily attributable to the investment loss which was primarily attributed to the following factors:

(i) the loss of fair value change from the Stonehold investment, being the return on the investment in the upstream oil and gas assets in the form of interest income and fair value gain/loss from the Term Loan granted to Stonehold.

(ii) the loss in the fair value of the investment in LNGL, which is measured by unadjusted quoted price on stock market, resulted from the decreasing stock price of LNGL.

SEGMENT INFORMATION

The Company and its subsidiaries manage its businesses by divisions, which are organised by a mixture of both business lines (products and services). In a manner consistent with the way in which information is reported internally to the Company's most senior executive management for the purposes of resource allocation and performance assessment, the Company and its subsidiaries have presented the following two reportable segments.

- Global energy investment: this segment constructs and operates upstream oil and gas business, LNG business, and generates income from processing of oil and gas and LNG, as well as investing and managing of energy-related industries and businesses.

- Mobility services business: this segment manages and operates the drivers and vehicles for rendering of online ride-hailing services to the passengers through aggregation traffic platforms and generates income from rendering of mobility services.

	Global energy investment Year Ended 31 March		Mobility services businesses Year Ended 31 March		Total Year Ended 31 March	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from sales and services	**152,219**	168,026	**91,327**	–	**243,546**	168,026
Investment (loss)/income	**(244,018)**	163,289	**–**	–	**(244,018)**	163,289
Reportable segment (loss)/profit (adjusted EBITDA) *(Note)*	**(202,174)**	236,636	**(8,619)**	–	**(210,793)**	236,636
Depreciation and amortisation	**(53,259)**	(51,818)	**(32,197)**	–	**(85,456)**	(51,818)
Interest income	**21,811**	31,347	**42**	–	**21,853**	31,347
Interest expense	**(7,305)**	(149,336)	**(289)**	–	**(7,594)**	(149,336)
Reportable segment assets	**3,413,165**	3,898,769	**509,500**	–	**3,922,665**	3,898,769
(including interest in an associate)	**50,086**	43,778	**–**	–	**50,086**	43,778
Additions to non-current segment assets during the year	**67,817**	77,780	**3,557**	–	**71,374**	77,780
Reportable segment liabilities	**(351,209)**	(323,586)	**(47,382)**	–	**(398,591)**	(323,586)

Note: The measure used for reporting segment profit/loss is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation".

For details of segment information of the Company and its subsidiaries, please refer to Note 3(b) to the financial information of this final results announcement.

LIQUIDITY AND FINANCIAL RESOURCES

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

The cash and cash equivalents are mostly denominated in US$, HK$ and RMB. As at 31 March 2020, the Company and its subsidiaries had unpledged cash and bank deposits of HK$1,114.2 million (31 March 2019: HK$1,191.5 million).

As at 31 March 2020, the Company and its subsidiaries had outstanding loans of HK$77.5 million (31 March 2019: Nil).

As at 31 March 2020, the Company had Convertible Bond (as defined in the RTO Circular) with carrying amount of approximately HK$50.0 million (31 March 2019: HK$45.7 million). The aggregate principal amount of the Convertible Bond is HK$60.0 million, with maturity date of 30 April 2022 and payable at an interest rate of 1% per annum.

Save as the information disclosed above or otherwise in this final results announcement, the Company and its subsidiaries had no outstanding mortgage, pledge, debentures or other loan capital issued or agreed to be issued, bank overdrafts, borrowings, liabilities under acceptance or other similar liabilities, hire purchase and finance lease commitments, or any guarantees or other material contingent liabilities as at 31 March 2020.

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

As at 31 March 2020, the gearing ratio (ratio of the sum of total bank and other borrowings, Convertible Bond to the total assets) was approximately 3.2% (31 March 2019: 1.2%).

MAJOR RISK MANAGEMENT

The market risk exposures of the Company in its energy investment business primarily consist of oil price risk, currency risk, liquidity risk and interest rate risk.

Oil price risk

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

In FY2019, the Company purchased put options for part of the production of Hongbo Mining. The put options place the Company in a hedged position, protecting the Company from the risk of decline in the oil price over the stipulated period of time and preserving the value of the assets of Hongbo Mining. As at 31 March 2020, the Company did not hold any such put options.

Currency risk

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

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

Liquidity risk

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

Interest rate risk

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

For details of the risks in relation to the operation of the mobility services, please refer to the section "Weipin Investment" in "Business Review" of the "Management Discussion and Analysis".

SIGNIFICANT INVESTMENTS

At 31 March 2020, the Company and its subsidiary held Stonehold investment as financial assets at fair value through profit or loss. Details of the Stonehold investment is as follows:

	Year ended 31 March 2020	**At 31 March 2020**		At 31 March 2019
	Investment loss	**Fair Value**	**Approximate percentage to the total assets**	Fair Value
	HK$'000	***HK$'000***		*HK$'000*
Stonehold investment	**143,298**	**1,264,851**	**32.0%**	1,510,062

The Board acknowledges that the performance of the Stonehold investment may be affected by the degree of volatility in the oil and gas market and is susceptible to other external factors that may affect its values. Accordingly, in order to mitigate possible financial risks related to the equities, the Board maintains a diversified investment portfolio across various segments of the market and also closely monitors the performance of its investment portfolio.

For details of the Stonehold investment during FY2019, please refer to the section "Stonehold investment" in the "Business Review". Except the Stonehold investment, as at 31 March 2020, there was no investment held by the Company and its subsidiaries the value of which was more than 5% of the total assets of the Company and its subsidiaries.

MAJOR ACQUISITIONS AND DISPOSALS

The Company, through its subsidiary, acquired 35.5% of the equity share of Weipin in late 2019, and Weipin became a subsidiary of the Company since 15 November 2019. Weipin is the holding company of a mobility services business platform.

For details of the investment in Weipin and its business operations during FY2019, please refer to the section "Weipin Investment" in "Business Review" of the "Management Discussion and Analysis". For more financial information of Weipin, please refer to Note 18 to the financial information of this final results announcement.

Except the acquisition of Weipin, during FY2019, there was no major acquisition or disposal by the Company and its subsidiaries.

CHARGES ON ASSETS OF THE COMPANY AND ITS SUBSIDIARIES

As at 31 March 2020, the Company and its subsidiaries did not have any charges on assets (31 March 2019: Nil).

CONTINGENT LIABILITIES

So far as known to the Directors, as at 31 March 2020, there had been no litigation, arbitration or claim of material importance in which the Company or its respective subsidiaries was engaged or pending or which as threatened against the Company or its respective subsidiaries.

COMMITMENTS

Capital commitments

As at 31 March 2020, the Company and its subsidiaries had capital commitments of HK$0.5 million (31 March 2019: HK$26.5 million) contracted but not provided for the acquisition of property, plant and equipment.

DIVIDEND

The Directors do not recommend the payment of a final dividend for FY2019 (FY2018: Nil).

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed in FY2019.

EMPLOYEES

As at 31 March 2020, the Company and its subsidiaries had 265 (31 March 2019: 115) employees in Hong Kong and the PRC. In FY2019, the total staff costs (including the directors' emoluments) amounted to HK$50.8 million (FY2018: HK$44.3 million). Employees' remuneration package was reviewed periodically and determined with reference to the performance of the individual and the prevailing market practices. Employees' remuneration package includes basic salary, year-end bonus, medical and contributory provident fund.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Audit Committee of the Company was established with written terms of reference in compliance with Rule 3.21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The primary duties of the Audit Committee, among other things, are to oversee the Company's financial report system, risk management and internal control procedures, provide advice and comments to the Board, and monitor the independence and objective of the external auditor. As at 31 March 2020, the Audit Committee of the Company comprises two independent non-executive Directors, namely Mr. Chau Shing Yim David (Chairman) and Mr. Shi Cen, and one non-executive Director, namely Mr. Lin Dongliang.

As of the date of this announcement, the Audit Committee has reviewed with management of the Company the accounting principles and practices adopted by the Company and discussed the risk management and internal controls and financial reporting matters, including a review of the consolidated financial statements and the final results of FY2019.

CHANGE OF DIRECTORS

On 5 September 2019, Mr. Liu Zhihai, President of the Company, was appointed as an executive Director, and on the same date Mr. Lee Khay Kok resigned from the same position.

For details of the change of Directors, please refer to the announcement of the Company dated 5 September 2019 published on the websites of the Stock Exchange (http://www.hkexnews.hk/) and the Company (http://www.idgenergyinv.com/).

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

In March 2020 and April 2020, the Company repurchased a total of 1,816,000 ordinary shares of the Company on the Stock Exchange, with an aggregate consideration paid amounting to HK$1,334,973.60. All the shares repurchased by the Company were subsequently cancelled and the issued share capital of the Company was reduced thereon. The repurchase was effected by the Board for the enhancement of shareholder value in the long term. Details of the shares repurchased are as follows:

		Repurchase price per share		
Month of repurchase	**No. of shares repurchased**	**Highest price paid** *HKD*	**Lowest price paid** *HKD*	**Aggregate consideration paid** *HKD*
March 2020	1,040,000	0.68	0.58	679,952.00
April 2020	776,000	0.89	0.80	655,021.60
Total	**1,816,000**			**1,334,973.60**

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares in FY2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

In the opinion of the Board, the Company had complied with the code provisions of the CG Code throughout FY2019, except for the CG Code provision A.2.1, which stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During FY2019, Mr. Wang Jingbo was both the chairman of the Board and the chief executive officer of the Company. The Board is of the opinion that such arrangement does not result in undue concentration of power and is conducive to the efficient formulation and implementation of the Company's strategies thus allowing the Company to develop its business more effectively.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The financial figures in respect of the Company and its subsidiaries' consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2020 as set out in this final results announcement have been compared and agreed by the Company's auditor, KPMG, Public Interest Entity Auditor registered in accordance with Financial Reporting Council Ordinance, to the amounts set out in the Company and its subsidiaries' audited consolidated financial statements for the year ended 31 March 2020. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG on this announcement.

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiries by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout FY2019.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

As of the date of the final results announcement, the share price of LNGL had further decreased after 31 March 2020 and trading in the shares has been halted by the Listings Compliance Department of Australian Securities Exchange since 1 May 2020 pending the lodge of the relevant periodic report by LNGL. The Company will continuously monitor the situation and the related risk, and take appropriate actions as and when necessary.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

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

The annual report of the Company for the FY2019 containing all the information required by Appendix 16 of the Listing Rules will be despatched to the Shareholders and published on the HKExnews website and the Company's website in due course.

(2) CHANGE IN USE OF PROCEEDS FROM THE FOXCONN SUBSCRIPTION

References are made to (1) the announcements of the Company dated 13 December 2017 and 22 January 2018 (the "Announcements"), (2) the circular of the Company dated 23 December 2017 (the "Circular"), (3) the annual report of the Company for the year ended 31 March 2019 (the "2019 Annual Report"), and (4) the interim report of the Company for the six months ended 30 September 2019 (the "2019 Interim Report") in relation to, among others, the Foxconn Subscription and the use of proceeds from the Foxconn Subscription. Unless otherwise stated, capitalised terms used hereinafter shall have the same meanings as those defined in the Announcements, the Circular, the 2019 Annual Report and the 2019 Interim Report.

The net proceeds from the Foxconn Subscription (the "Net Proceeds") were approximately HK$1,483,000,000. The actual use of the Net Proceeds up to 31 March 2020 is set out below. At the date of this announcement, the Board resolved to change the intended use of unutilized Net Proceeds (the "Change in Use of Proceeds") , details of which are set out below:

	Intended use of Net Proceeds set out in the Circular *HK$'000*	**Actual use of Net Proceeds up to 31 March 2020** *HK$'000*	**Unutilized Net Proceeds as at 31 March 2020** *HK$'000*	**Revised intended use of unutilized Net Proceeds** *HK$'000*
Investment or acquisition of targets in natural gas industry in China and in North America	1,100,000	376,000	724,000	524,000
Investment in upstream shale gas and/or shale oil assets or projects overseas	300,000	–	300,000	300,000
Other investments for future development	83,000	83,000	–	-
General working capital	-	-	-	200,000

Reason for Change in Use of Proceeds

On 24 June 2020, the Board has approved the Change in Use of Proceeds by allocating the unutilized Net Proceeds of HK$200 million from investment or acquisition of targets in the natural gas industry in China and North America to general working capital as the Company requires funds for general working capital purposes.

The revised intended use of the unutilized Net Proceeds is expected to be utilized by 31 December 2023. The expected timeline for the revised intended use of unutilized Net Proceeds, which is subject to future adjustments, if required, is based on the best estimation of the Company taking into account, among others, the prevailing and future market conditions and business developments and need.

The outbreak of COVID-19 coupled with the adverse dynamics of the global economy disrupted the natural gas market, and the Company considers that any assessment of the business and financial prospects of potential acquisition targets would involve a high degree of uncertainties. Therefore, the Company decides to take a prudent attitude in the investment or acquisition of natural gas assets in the near future to lower potential investment risks, and believes that the Change in Use of Proceeds will not impair the general business plan to identify investment or acquisition opportunities of targets in natural gas industry.

Looking forward, the priority of the Company is to protect investment principal and to enhance the Shareholders' value. The Change in Use of Proceeds will enable the Company to optimize the allocation of its resources and to ensure the commercial development and sound financial performance of its businesses.

The Board believes that the Change in Use of Proceeds will not have any material adverse effect on the existing business and operation of the Company and its subsidiaries, and is in the best interests of the Company and its shareholders as a whole. The Board will, from time to time, assess and evaluate the business need of the Company and its subsidiaries and the optimal plan for allocation and deployment of the Company's financial resources to strengthen the efficiency and effectiveness of the use of the Net Proceeds.

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

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

Hong Kong, 24 June 2020

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