EIH

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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 353)

INTERIM RESULTS FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2020

The board (the "**Board**") of directors (the "**Directors**") of Energy International Investments Holdings Limited (the "**Company**") is pleased to announce the unaudited second consolidated interim results of the Company and its subsidiaries (the "**Group**") for the twelve months period ended 31 December 2020 (the "**Period**"). These unaudited second consolidated interim results have not been audited, but have been reviewed by the Company's audit committee (the "**Audit Committee**").

CONDENSED CONSOLIDATED INCOME STATEMENT

For the twelve months period ended 31 December 2020

	Notes	**Twelve months period ended 31 December 2020** ***HK$'000*** **(Unaudited)**	Year ended 31 December 2019 *HK$'000* (Audited)
Continuing operations			
Revenue	*4*	**155,216**	129,838
Cost of sales		**(1,946)**	(2,327)
Gross profit		**153,270**	127,511
Interest revenue	*5(a)*	**3,040**	10,870
Other income and other gains and losses	*5(b)*	**1,626**	19,126
Selling and distribution expenses		**(5,980)**	(9,654)
Administrative expenses		**(39,977)**	(42,197)
Other operating expenses		**(11,630)**	–
Fair value gain on investment properties		**–**	5,196
Loss on early redemption of promissory notes		**(1,754)**	(6,459)
Finance costs	*7*	**(44,749)**	(45,028)
Profit before income tax		**53,846**	59,365
Income tax expenses	*8*	**(19,781)**	(24,006)
Profit for the period/year from continuing operations	*9*	**34,065**	35,359
Discontinued operation			
Profit for the period/year from discontinued operation	*11*	**–**	11,496
Profit for the period/year	*9*	**34,065**	46,855

* *For identification purpose only*

CONDENSED CONSOLIDATED INCOME STATEMENT

For the twelve months period ended 31 December 2020

	Notes	**Twelve months period ended 31 December 2020** **HK$'000** **(Unaudited)**	Year ended 31 December 2019 *HK$'000* (Audited)
Attributable to:			
Owners of the Company			
– (Loss)/profit from continuing operations		**(3,487)**	19,814
– Profit from discontinued operation		**–**	11,496
(Loss)/profit attributable to owners of the Company		**(3,487)**	31,310
Non-controlling interests			
– Profit from continuing operations		**37,552**	15,545
		34,065	46,855
(Loss)/earnings per share	*12*		
Basic			
– from continuing and discontinued operations		**HK cent (0.05)**	HK cent 0.44
– from continuing operations		**HK cent (0.05)**	HK cent 0.28
– from discontinued operation		**N/A**	HK cent 0.16

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the twelve months period ended 31 December 2020

	Twelve months period ended 31 December 2020 *HK$'000* **(Unaudited)**	Year ended 31 December 2019 *HK$'000* (Audited)
Profit for the period/year	**34,065**	46,855
Other comprehensive income/(expenses), net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**96,306**	(16,422)
Release of exchange reserve upon disposal of subsidiaries	**–**	(10,327)
Other comprehensive income/(expenses) for the period/year, net of tax	**96,306**	(26,749)
Total comprehensive income for the period/year	**130,371**	20,106
Attributable to:		
– Owners of the Company	**71,964**	5,521
– Non-controlling interests	**58,407**	14,585
	130,371	20,106

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	(Unaudited) 31 December 2020 HK$'000	(Audited) 31 December 2019 HK$'000
Non-current assets			
Property, plant and equipment		**2,053**	4,470
Right-of-use assets		**4,077**	11,052
Investment properties	*13*	**1,559,830**	1,441,575
Investment in an associate		**2,992**	2,805
Equity instruments at fair value through other comprehensive income		**241,111**	226,060
Deposits and other receivables		**28,379**	93,196
		1,838,442	1,779,158
Current assets			
Trade receivables		**29,798**	–
Amount due from an associate		**5,960**	5,588
Prepayments, deposits and other receivables		**314,459**	95,968
Loan receivables		**4,185**	39,096
Financial assets at fair value through profit or loss		**16,684**	28,314
Cash and bank balances		**16,698**	125,352
		387,784	294,318
Current liabilities			
Other payables and accruals		**162,132**	204,882
Amounts due to non-controlling shareholders		**–**	3,817
Bank borrowings		**63,647**	177,012
Other borrowings		**21,141**	147,901
Lease liabilities		**3,963**	6,134
Convertible bonds		**–**	26,221
Promissory notes		**16,856**	17,734
		267,739	583,701
Net current assets/(liabilities)		**120,045**	(289,383)
Total assets less current liabilities		**1,958,487**	1,489,775

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	(Unaudited) 31 December 2020 *HK$'000*	(Audited) 31 December 2019 *HK$'000*
Non-current liabilities		
Amounts due to non-controlling shareholders	**119,424**	144,641
Bank borrowings	**130,751**	63,251
Other borrowings	**–**	10,479
Lease liabilities	**2,450**	7,523
Promissory notes	**114,739**	134,811
Deferred tax liabilities	**130,310**	102,693
	497,674	463,398
NET ASSETS	**1,460,813**	1,026,377
Capital and reserves		
Share capital	**720,563**	544,484
Reserves	**221,484**	243,150
Equity attributable to owners of the Company	**942,047**	787,634
Non-controlling interests	**518,766**	238,743
TOTAL EQUITY	**1,460,813**	1,026,377

NOTES TO THE FINANCIAL STATEMENTS

For the twelve months period ended 31 December 2020

1. GENERAL INFORMATION

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

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

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

– insurance brokerage service representing the business of providing insurance brokerage service.

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

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

2. ADOPTION OF NEW OR AMENDED HKFRSs

In the Period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. HKFRSs comprise HKFRS; HKAS; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the Period and the corresponding period in 2019.

3. BASIS OF PREPARATION

(a) Change of financial year end date

Pursuant to a resolution of the Board dated 30 December 2020, the Company's financial year end date has been changed from 31 December to 31 March. Accordingly, the forthcoming audited financial statements of the Group will cover a fifteen months period from 1 January 2020 to 31 March 2021. These unaudited interim results covers the twelve months period from 1 January 2020 to 31 December 2020 and the comparative figures cover a twelve months period from 1 January 2019 to 31 December 2019.

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

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

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

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

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

Final decision on the Change of Exploration Right Agreement

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

De-consolidating QHFSMI and IMFSMI

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

4. REVENUE

	Twelve months period ended 31 December 2020	Year ended 31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Revenue from contracts with customers:		
Agency income from insurance brokerage service (continuing operations)	**14**	8
Income from trading of oil and liquefied chemical products (continuing operations)	**633**	–
Sale of crude oil (discontinued operation)	**–**	16,436
	647	16,444
Revenue from other sources:		
Rental income from investment properties (continuing operations)	**154,569**	129,830
Total revenue	**155,216**	146,274
Representing:		
Continuing operations	**155,216**	129,838
Discontinued operation *(note 11(a))*	**–**	16,436
	155,216	146,274

Notes:

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

During the Period, the Group entered into trading transactions of oil and liquefied products and the gross invoiced sale amount was approximately HK$243,306,000. The Group's sale amount received from its trading are deemed as cash collected on behalf of the principal as an agent. Accordingly, the net amount receivable in return for services performed is recognised as revenue at point in time when the services are rendered.

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

For the twelve months period ended 31 December 2020 and the corresponding period in 2019, all revenue from contracts with customers is recognised at a point in time.

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

(a) Interest revenue

	Twelve months period ended 31 December 2020	Year ended 31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Continuing operations		
Bank interest income	**45**	39
Loan interest income	**2,995**	10,831
	3,040	10,870
Discontinued operation *(note 11(a))*		
Bank interest income	**–**	1
	3,040	10,871

(b) Other income and other gains and losses

	Twelve months period ended 31 December 2020 *HK$'000* **(Unaudited)**	Year ended 31 December 2019 *HK$'000* (Audited)
Continuing operations		
Fair value gain on financial assets at fair value through profit of loss	**–**	15,992
Gain on disposal of financial assets at fair value through profit or loss	**–**	2,460
Rental income from sub-letting of leased assets	**40**	487
Sundry income	**1,586**	187
	1,626	19,126
Discontinued operation *(note 11(a))*		
Sundry income	**–**	17
	1,626	19,143

6. SEGMENT INFORMATION

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

– the Oil and Liquefied Chemical Terminal segment represents the businesses of the leasing of the Port and Storage Facilities and the trading of oil and liquefied chemical products;

– the Insurance Brokerage Service segment represents the business of providing insurance brokerage service; and

– the Oil Production segment represents the business of oil production. This segment was discontinued during the corresponding period in 2019. Details are explained in note 11 to these condensed consolidated financial statements.

There was no inter-segment sale and transfer during the twelve months period ended 31 December 2020 and the corresponding period in 2019.

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

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

	Continuing operations		Discontinued operation	
	Oil and Liquefied Chemical Terminal	**Insurance Brokerage Service**	**Oil Production**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the twelve months period ended 31 December 2020 (Unaudited)				
Revenue from external customers	155,202	14	–	155,216
Segment profit/(loss)	128,997	(431)	–	128,566
Interest revenue	1,448	–	–	1,448
Depreciation of property, plant and equipment	(655)	(5)	–	(660)
Depreciation of right-of-use assets	(456)	(27)	–	(483)
Additions to segment non-current assets	22,937	–	–	22,937
As at 31 December 2020 (Unaudited)				
Segment assets	1,722,059	406	–	1,722,465
Segment liabilities	(571,770)	(2)	–	(571,772)
For the year ended 31 December 2019 (Audited)				
Revenue from external customers	129,830	8	16,436	146,274
Segment profit/(loss)	110,045	(2,044)	2,622	110,623
Interest revenue	–	–	1	1
Depreciation of property, plant and equipment	(765)	(5)	(86)	(856)
Depreciation of right-of-use assets	(571)	(372)	(264)	(1,207)
Amortisation of intangible assets	–	–	(287)	(287)
Fair value gain of investment properties	5,196	–	–	5,196
Additions to segment non-current assets	41,182	–	–	41,182
As at 31 December 2019 (Audited)				
Segment assets	1,597,492	489	–	1,597,981
Segment liabilities	(803,259)	(56)	–	(803,315)

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

Revenue

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

Profit or loss

	Twelve months period ended 31 December 2020 *HK$'000* **(Unaudited)**	Year ended 31 December 2019 *HK$'000* (Audited)
Total profit of reportable segments	**128,566**	110,623
Finance costs	**(44,749)**	(45,028)
Unallocated amounts:		
Other corporate income	**2,682**	29,323
Other corporate expenses	**(32,653)**	(32,931)
Elimination of profit for the period/year from discontinued operation	**–**	(2,622)
Consolidated profit before income tax for the period/year	**53,846**	59,365

Assets

	31 December 2020 *HK$'000* **(Unaudited)**	31 December 2019 *HK$'000* (Audited)
Reportable segment assets	**1,722,465**	1,597,981
Property, plant and equipment	**1,147**	2,345
Cash and bank balances	**13,993**	47,736
Equity instruments at fair value through other comprehensive income	**241,111**	226,060
Other corporate assets *(note)*	**247,510**	199,354
Consolidated total assets	**2,226,226**	2,073,476

Note:

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

Liabilities

	31 December 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000 (Audited)
Reportable segment liabilities	**571,772**	803,315
Convertible bonds	**–**	26,221
Promissory notes	**131,595**	152,545
Other corporate liabilities	**62,046**	65,018
Consolidated total liabilities	**765,413**	1,047,099

Revenue from major customers:

	Twelve months period ended 31 December 2020 HK$'000 (Unaudited)	Year ended 31 December 2019 HK$'000 (Audited)
Customer A (derived from Oil and Liquefied Chemical Terminal segment)	**154,569**	129,830
Customer B (derived from Oil Production segment)	**–**	16,436
	154,569	146,266

7. FINANCE COSTS

	Twelve months period ended 31 December 2020 HK$'000 (Unaudited)	Year ended 31 December 2019 HK$'000 (Audited)
Continuing operations		
Imputed interest on convertible bonds	**719**	971
Interest on bank and other borrowings	**31,851**	29,553
Interest on promissory notes	**8,242**	818
Interest on amounts due to non-controlling shareholders	**3,511**	12,879
Interest on lease liabilities	**426**	807
	44,749	45,028
Discontinued operation *(note 11(a))*		
Interest on bank and other borrowings	**–**	131
Interest on lease liabilities	**–**	34
	–	165
	44,749	45,193

8. INCOME TAX EXPENSES

	Twelve months period ended 31 December 2020 *HK$'000* **(Unaudited)**	Year ended 31 December 2019 *HK$'000* (Audited)
Current tax – PRC		
– Current period/year	**–**	26
– PRC withholding tax	**457**	882
	457	908
Deferred tax – PRC		
– Current period/year	**19,324**	25,100
Income tax expenses	**19,781**	26,008
Representing		
Continuing operations	**19,781**	24,006
Discontinuing operation *(note 11(a))*	**–**	2,002
	19,781	26,008

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

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

Pursuant to the PRC Corporate Income Tax Law, PRC Value-added Tax Law and other related regulations, non-PRC resident enterprises are levied withholding tax at 10%, 6% and various tax rate (unless reduced by tax treaties/arrangements) respectively on interest receivable from PRC enterprises for income earned since 1 January 2008. The Group has adopted withholding tax rate of 10%, 6% and various tax rate on corporate income tax, value-added tax and other taxes for PRC withholding tax purpose during the twelve months period ended 31 December 2020 and the corresponding period in 2019.

9. PROFIT FOR THE PERIOD/YEAR

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

	Twelve months period ended 31 December 2020	Year ended 31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Continuing operations		
Depreciation of property, plant and equipment	**1,859**	1,970
Depreciation of right-of-use assets	**5,836**	6,303
Direct operating expenses arising from investment properties that generated rental income	**5,980**	9,654
Fair value loss/(gain) on financial assets at fair value through profit or loss	**11,630**	(15,992)
Exchange loss, net	**114**	982
Impairment loss on goodwill	**–**	1,440
Expenses related to short-term lease	**362**	947
Staff costs (including Directors' emoluments):		
Salaries, bonuses and allowance	**11,864**	13,077
Retirement benefit scheme contributions	**429**	744
	12,293	13,821
Discontinued operation		
Depreciation of property, plant and equipment	**–**	86
Depreciation of right-of-use assets	**–**	264
Amortisation of intangible assets	**–**	287
Exchange loss, net	**–**	2
Expenses related to short-term lease	**–**	16
Staff costs:		
Salaries, bonuses and allowances	**–**	3,732
Retirement benefit scheme contributions	**–**	440
	–	4,172

10. DIVIDENDS

The Board did not recommend any payment of interim dividends during the Period (corresponding period in 2019: Nil).

11. DISCONTINUED OPERATION

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

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

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

(a) Analysis of the profit for the period from the discontinued operation

	(Audited) Period from 1 January 2019 to the Disposal Date *HK$'000*
Profit of discontinued operation	455
Gain on disposal of subsidiaries *(note 11(b))*	11,041
	11,496
Revenue	16,436
Cost of sales	(8,665)
Gross profit	7,771
Interest revenue	1
Other income and gains	17
Selling and distribution expenses	(225)
Administrative expenses	(4,657)
Other operating expenses	(285)
Finance costs	(165)
Profit before income tax	2,457
Income tax expenses	(2,002)
Profit from discontinued operation	455

(b) Disposal of subsidiaries

	(Audited)
	HK$'000
Net assets disposed of:	
Property, plant and equipment	1,139
Right-of-use assets	841
Intangible assets	153,854
Deferred tax assets	41,179
Trade receivables	5,064
Prepayments, deposits and other receivables	1,223
Cash and bank balances	270
Amount due from the Remaining Group	41,619
Other payables and accruals	(101,416)
Other borrowings	(42,612)
Lease liabilities	(857)
Tax payables	(9,796)
Deferred tax liabilities	(38,403)
	52,105
Release of exchange reserve upon disposal	(10,327)
Gain on disposal of subsidiaries	11,041
Total consideration	52,819

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

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

No tax charge or credit arouse on gain on the disposal of the discontinued operation.

12. (LOSS)/EARNINGS PER SHARE

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

	Twelve months period ended 31 December 2020	Year ended 31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
(Loss)/profit for the period/year attributable to the owners of the Company for the purpose of basic (loss)/earnings per share		
– From continuing operations	**(3,487)**	19,814
– From discontinued operation	**–**	11,496
	(3,487)	31,310
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**7,205,629**	7,205,629

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

No diluted (loss)/earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the twelve months period ended 31 December 2020 and the corresponding period in 2019.

13. INVESTMENT PROPERTIES

During the Period, the additions to investment properties at cost amounted to approximately HK$22,278,000. As at 31 December 2020, the entire investment properties have been pledged to secure certain banking facilities granted to the Group and lease liabilities (31 December 2019: certain banking facilities granted to the Group, other borrowings and lease liabilities)..

MANAGEMENT DISCUSSION AND ANALYSIS

Operating results

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

(i) Revenue

For the Period, the Group's record revenue from continuing operations was approximately HK$155 million (corresponding period in 2019: HK$130 million). The Group's revenue is mainly contributed from the rental income of the Port and Storage Facilities.

(ii) Gross profit

For the Period, the Group's record gross profit from continuing operations was approximately HK$153 million (corresponding period in 2019: HK$128 million). The Board believes that the stable rental income generated from the leasing of Port and Storage Facilities enables the Group to maintain the gross profit position.

(iii) Profit for the Period

The Group recorded a profit of approximately HK$34 million for the Period (corresponding period in 2019: HK$47 million), such decrease in profit is mainly attributable to (1) a fair value loss on investment in securities held by the Group of approximately HK$11 million for the Period as compared to the fair value gain of approximately HK$16 million in the corresponding period; and (2) the non-recurrence of the profit from discontinued operation and disposal gain of Oil Production segment in the aggregate amount of approximately HK$11 million in the corresponding period. On the other hand, the loss was partially offset by the increase in revenue and gross profit of approximately HK$25 million respectively in the Period. As a result of the above and the decrease in profit sharing ratio after the deemed disposal of the Group's the Oil and Liquefied Chemical Terminal segment as detailed in the Company's announcement dated 3 July 2019, there is a loss attributable to owners of the Company in the Period of approximately HK$3 million as compared to the profit attributable to owners of the Company for the corresponding period in 2019 of approximately HK$20 million.

Business review

Operation of liquid chemical terminal, storage and logistics facilities business

By end of 2015, the Group has obtained 51% equity interest in Shandong Shundong Port Services Company Limited ("**Shundong Port**"). Shundong Port owns two sea area use rights covering an aggregate area available for land-forming and reclamation construction of approximately 31.59 hectares in Dongying Port, Shandong Province, the PRC and permitting the construction of reclamation and land-forming for use in sea transportation and port facilities for a 50-years' period running from 13 November 2014 to 12 November 2064 and 23 February 2016 to 22 February 2066 respectively. Shundong Port has completed the construction and commenced leasing of its Port and Storage Facilities since 2017 with full commercial operation having been achieved in May 2018. Approximately HK$154 million rental income was generated during the Period.

In June 2020, two independent investors (the "**Investors**") entered into a funding agreement (the "**Funding Agreement**") with Shundong Port pursuant to which the Investors agreed to provide funding of RMB360 million (approximately HK$429 million) to Shundong Port by way of non-voting, fixed-interest preference shares. As at the date hereof, RMB270 million (approximately HK$322 million) has been received from the Investors pursuant to the Funding Agreement and the remaining sum is agreed to be received by 31 March 2021. Since the Funding Agreement involves no dilution of the Group's voting right, profit sharing and return of capital in Shundong Port and the funding provided by the Investors are essentially by way of debt instrument in nature. Shundong Port remains as a subsidiary of the Company and its results continue to be consolidated in the Group's financial statements.

Financial review

Liquidity, financial resources and capital structure

As at 31 December 2020, the Group had total assets of approximately HK$2,226 million (31 December 2019: HK$2,073 million), total liabilities of approximately HK$765 million (31 December 2019: HK$1,047 million), indicating a gearing ratio of 0.34 (31 December 2019: 0.51) on the basis of total liabilities over total assets. The current ratio of the Group as at 31 December 2020 was 1.45 (31 December 2019: 0.50) on basis of current assets over current liabilities.

As at 31 December 2020, the Group has net current assets of approximately HK$120 million. Shundong Port is expected to generate net operating cash inflow in the coming twelve months. In addition, pursuant to the Funding Agreement, RMB90 million (approximately HK$107 million) is to be received by 31 March 2021.

As at 31 December 2020, the Group had bank and other borrowings of approximately HK$194 million and HK$21 million respectively (31 December 2019: HK$240 million and HK$158 million respectively). The aggregate bank deposits and cash in hand of the Group were approximately HK$17 million (31 December 2019: HK$125 million).

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

Contingent liabilities

As at 31 December 2020, the Group did not have any significant contingent liabilities.

Capital and other commitments

The Group had capital commitments contracted but not provided for of approximately HK$2 million as at 31 December 2020 (31 December 2019: HK$10 million).

Charges on assets

As at 31 December 2020, entire investment properties of approximately HK$1,560 million (31 December 2019: HK$1,442 million) were pledged for the Group's bank and other borrowings and lease liabilities (31 December 2019: bank and other borrowings and lease liabilities).

Exchange exposure

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

Employee information

As at 31 December 2020, the Group employed 45 full-time employees (31 December 2019: 29). The Group's emolument policies are formulated on the performance of individual employees and are reviewed annually in line with industry practice. The Group also provides provident fund schemes (as the case may be) to its employees depending on the location of such employees.

Interim dividends

The Board did not recommend the payment of any interim dividend for the Period (corresponding period in 2019: Nil).

Future plan and prospects

Operation of liquid chemical terminal, storage and logistics facilities business

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

On 24 October 2016, Shundong Port entered into a lease agreement (the "**Lease Agreement**") to lease the Port and Storage Facilities to an independent third party (the "**Original Lessee**"). The rent payable by the Original Lessee to Shundong Port for the Port and Storage Facilities under the Lease Agreement including value-added tax is RMB125 million (approximately HK$149 million) per annum, which shall be payable in twelve equal instalments on monthly basis in advance. The Lease Agreement became effective in May 2018.

In December 2020, the Lease Agreement was terminated such that the Original Lessee was released from the continual performance of the Lease Agreement with effect from 1 January 2021 by the payment of a liquidated damages. In this regards, Shundong Port entered into a new lease agreement (the "**Novated Port Lease Agreement**") with another independent third party (the "**New Lessee**") whereby Shundong Port continued to lease the Port and Storage Facilities to the New Lessee with effect from 1 January 2021 and for the remainder of the lease period until 19 May 2023. The gross annual rent (including value-added tax) has increased from RMB125 million (approximately HK$149 million) to RMB140 million (approximately HK$167 million) with effect from 1 January 2021 until 31 March 2022, and shall further increase to RMB150 million (approximately HK$179 million) with effect from 1 April 2022 until 19 May 2023. Details was disclosed in the announcement of the Company dated 30 December 2020.

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

Insurance brokerage business

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This second interim results announcement is available for viewing on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (website.energyintinv.wisdomir.com). The interim report of the Company for the twelve months period ended 31 December 2020 containing all the information required by the Listing Rules will be despatched to shareholders and made available on the above websites in due course.

APPRECIATION

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

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

Hong Kong, 26 February 2021

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