雲能國際
YUNNAN ENERGY INTERNATIONAL

Yunnan Energy International Co. Limited

雲能國際股份有限公司*

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 1298)

(Singapore Stock Code: T43)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the "**Board**") of directors (the "**Directors**") of Yunnan Energy International Co. Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2020 together with the comparative figures for the year ended 31 December 2019 as follows:

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2020

	Notes	**2020** *HK$'000*	2019 *HK$'000*
Revenue	4	**60,988**	311,473
Cost of sales		**(59,617)**	(236,002)
Gross profit		**1,371**	75,471
Other income	5	**826**	4,109
Selling and distribution expenses		**(4,271)**	(30,254)
Administrative expenses		**(14,924)**	(55,462)
Impairment losses of trade receivables, net		**(7,517)**	–
Other expenses, net		**(34,392)**	(80)
Finance costs	6	**(3,292)**	(13,402)
LOSS BEFORE TAX	7	**(62,199)**	(19,618)
Income tax	8	**–**	(174)
LOSS FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**(62,199)**	(19,792)

	Note	2020 HK$'000	2019 HK$'000
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(1,187)**	2,323
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Change in fair value of equity investment at fair value through other comprehensive income		**(816)**	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX		**(2,003)**	2,323
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**(64,202)**	(17,469)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	10		
Basic and diluted		**(HK22.6 cents)**	(HK7.19 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	**2020** *HK$'000*	2019 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	11	**1,890**	1,755
Right-of-use assets		**1,307**	2,973
Computer software		**1,544**	2,316
Equity investment at fair value through other comprehensive income		**2,388**	3,204
Total non-current assets		**7,129**	10,248
CURRENT ASSETS			
Inventories		**21,362**	55,823
Trade receivables	12	**36,460**	140,153
Prepayments, deposits and other receivables		**77,265**	99,851
Income tax recoverable		**110**	–
Cash and bank balances		**115,736**	204,877
Total current assets		**250,933**	500,704
CURRENT LIABILITIES			
Trade payables	13	**6,096**	13,891
Other payables and accruals		**10,299**	21,262
Income tax payables		**–**	4
Loan from a fellow subsidiary		**23,799**	–
Bank borrowings		**–**	8,698
Lease liabilities		**370**	1,393
Total current liabilities		**40,564**	45,248
NET CURRENT ASSETS		**210,369**	455,456

	2020	2019
	HK$'000	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**217,498**	465,704
NON-CURRENT LIABILITIES		
Loan from a shareholder	**–**	183,349
Lease liabilities	**1,007**	1,662
Total non-current liabilities	**1,007**	185,011
Net assets	**216,491**	280,693
EQUITY		
Issued capital	**107,420**	107,420
Reserves	**109,071**	173,273
Total equity	**216,491**	280,693

NOTES:

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Principal activities

The Group was involved in the following principal activities:

- Distribution of branded analytical and laboratory instruments and life science equipment and the provision of related repair and maintenance services (the "**Distribution Business**")

- Trading and supply chain business on construction materials and medical devices (the "**Supply Chain Business**")

Basis of preparation of this announcement

This announcement has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"). They have been prepared under the historical cost convention, except for equity investment at fair value through other comprehensive income, which has been measured at fair value. This announcement is presented in Hong Kong dollar (HK$) and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Impacts of new and revised IFRSs

The Group has adopted the *Conceptual Framework for the Financial Reporting 2018* (the "**Conceptual Framework**") and the following revised IFRSs for the first time for the current year's financial statements:

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to IAS 1 and IAS 8	*Definition of Material*

Except for the amendments to IFRS 9, IAS 39 and IFRS 7 and amendment to IFRS 16 which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the Conceptual Framework and the revised IFRSs are described below:

(a) The Conceptual Framework sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

3. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group is organised into business units based on the nature of their products and services and has two reportable operating segments as follows:

(a) the distribution business segment which is engaged in the provision of distribution and after-sales services for different analytical instruments, life science and general laboratory instruments; and

(b) the supply chain business segment which is engaged in the trading of the construction materials and medical devices.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, non-lease-related finance costs, as well as head office and corporate expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Distribution Business		**Supply Chain Business**		**Total**	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**55,619**	311,473	**5,369**	–	**60,988**	311,473
Segment results	**(48,223)**	298	**(199)**	–	**(48,422)**	298
Interest income					**498**	3,859
Interest expenses					**(3,200)**	(13,183)
Depreciation and amortisation					**(1,903)**	(2,810)
Corporate administration costs					**(9,172)**	(7,782)
Loss before tax					**(62,199)**	(19,618)

Geographical information

No geographical information is presented as more than 90% of the revenue during each of the years ended 31 December 2020 and 2019 were derived from the People's Republic of China (the "**PRC**") (including Hong Kong and Macau) and more than 90% of the Group's non-current assets as at the end of each of these years were located in the PRC (including Hong Kong and Macau).

Information about major customers

During the year ended 31 December 2020, one single customer from the distribution business segment contributed 10% or more of the Group's revenue and the revenue derived from the sales to this customer amounted to HK$24,714,000 (2019: HK$54,981,000). Messrs. Lo Yat Keung and Chan Wai Shing, both were key management personnel of the Group and connected persons as defined under Chapter 14A of the Listing Rules up to 30 September 2019, have beneficial interests in this customer.

4. REVENUE

Disaggregated revenue information

	2020	2019
	HK$'000	*HK$'000*
Type of goods or services		
Sales of goods	**52,947**	272,397
Repair and maintenance service income	**8,041**	39,076
Revenue from contracts with customers	**60,988**	311,473

Notes:

(1) More than 90% of the Group's revenue from the operation for each of the years ended 31 December 2020 and 2019, which is the revenue from contracts with customers, was derived from sales and services provided to customers in the PRC (including Hong Kong and Macau).

(2) Sales of goods and repair and maintenance service income for the years ended 31 December 2020 and 2019 were recognised at the point in time and over time, respectively.

5. OTHER INCOME

An analysis of the Group's other income is as follows:

	2020	2019
	HK$'000	*HK$'000*
Bank interest income	**498**	3,859
Recovery of deposits	**–**	250
Government subsidies	**234**	–
Gain on a lease modification	**84**	–
Gain on termination of a lease	**10**	–
	826	4,109

6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2020	2019
	HK$'000	*HK$'000*
Interest on bank loans and bank overdrafts	**228**	845
Interest on loans from a shareholder	**1,228**	12,338
Interest on a loan from a fellow subsidiary	**1,744**	–
Interest on lease liabilities	**92**	219
	3,292	13,402

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2020	2019
	HK$'000	*HK$'000*
Cost of inventories sold	**59,617**	236,002
Depreciation of items of property, plant and equipment	**513**	640
Depreciation of right-of-use assets	**618**	1,398
Amortisation of computer software	**772**	772

8. INCOME TAX

An analysis of the Group's income tax expense is as follows:

	2020	2019
	HK$'000	*HK$'000*
Current – PRC		
Underprovision in prior years	**–**	174

9. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to shareholders of the Company of HK$62,199,000 (2019: HK$19,792,000), and the weighted average number of ordinary shares of 275,437,000 (2019: 275,437,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for each of the years ended 31 December 2020 and 2019 for a dilution as the Group had no potentially dilutive ordinary shares in issue during these years.

11. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the year, the Group incurred HK$67,000 (2019: HK$434,000) for the acquisition of property, plant and equipment.

12. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2020	2019
	HK$'000	*HK$'000*
Less than 90 days	**29,045**	45,744
91 to 120 days	**109**	1,420
121 to 365 days	**1,193**	16,354
1 to 2 years	**5,408**	59,308
Over 2 years	**705**	17,327
	36,460	140,153

13. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2020	2019
	HK$'000	*HK$'000*
Less than 60 days	**5,782**	12,405
61 to 180 days	**-**	173
181 to 365 days	**-**	1,039
Over 1 year	**314**	274
	6,096	13,891

BUSINESS REVIEW

For the year ended 31 December 2020, the principal activities of the Group are: (1) the provision of distribution and after-sales services for different analytical instruments, including chromatographs, spectrophotometers, electronic microscopes, life science and general laboratory instruments, with specialised and customised hardware and software, to provide solutions and facilitate scientific analysis and testing for a variety of businesses and institutions, including universities, research institutions, companies in the industrial sector and government agencies (the "**Distribution Business**"); and (2) the trading and supply chain business on the construction materials and medical devices (the "**Supply Chain Business**").

Distribution Business

In 2020, revenue from the Distribution Business decreased significantly as compared to the previous year as the business was affected by the novel coronavirus disease ("**COVID-19**") and the suspension of production as required by anti-epidemic measures. Sales personnel had to cancel, delay or significantly reduced their sales activities to comply with epidemic prevention and control requirements, while the clients also suspended the purchase of relevant equipment in view of the epidemic prevention work.

For the year ended 31 December 2020 ("**FY2020**"), the revenue from the sales of goods decreased by HK$224.8 million or 82.5% to HK$47.6 million from HK$272.4 million for the year ended 31 December 2019 ("**FY2019**"), mainly attributable to the drop in orders as a result of the outbreak of the COVID-19.

Meanwhile, the revenue from the repair and maintenance services decreased by HK$31.0 million or 79.4% to HK$8.0 million from HK$39.1 million for FY2019.

Supply Chain Business

The Group has also entered into the Supply Chain Business on the construction materials and medical devices for FY2020. The revenue from the Supply Chain Business on the construction materials was HK$5.4 million for FY2020.

The Group's total revenue decreased by HK$250.5 million or 80.4% to HK$61.0 million from HK$311.5 million for FY2019, mainly attributable to the decrease in revenue from sales of goods.

The Group's loss for FY2020 increased by 214.3% to HK$62.2 million from HK$19.8 million in FY2019 mainly due to the decline in turnover of the Group resulting from outbreak of the COVID-19 which outweighed (a) the decrease in operating expenses; and (b) the decrease of finance costs accrued in loan from a shareholder.

FINANCIAL REVIEW

Consolidated Statement of Profit or Loss and other Comprehensive Income

Revenue

Revenue in FY2020 decreased by 80.4% to HK$61.0 million from HK$311.5 million in FY2019, mainly attributable to the drop in orders in the PRC distribution business.

Cost of sales

Cost of sales in FY2020 decreased by 74.7% to HK$59.6 million from HK$236.0 million in FY2019. The decrease was attributable to decline of revenue as well as the decrease in materials costs in the PRC distribution business.

Gross profit and gross profit margin

The gross profit in FY2020 decreased by 98.2% to HK$1.4 million from HK$75.5 million in FY2019. The gross profit margin in FY2020 was 2.2% compared to 24.2% in FY2019. The gross profit margin decreased due to more revenue being below the average gross profit margin in FY2020.

Other income

Other income in FY2020 decreased by 79.9% to HK$0.8 million from HK$4.1 million in FY2019. The decrease was mainly due to an decrease of bank interest income.

Selling and distribution expenses

Selling and distribution expenses in FY2020 decreased by 85.9% to HK$4.3 million from HK$30.3 million in FY2019, mainly due to the cost saving in staff costs and the exhibition and promotion expenses..

Administrative expenses

Administrative expenses in FY2020 decreased by 73.1% to HK$14.9 million from HK$55.5 million in FY2019, mainly due to cost saving in staff costs, business trip expenses, entertainment, travelling expenses and the exchange losses.

Other expenses, net

Other expenses in FY2020 increased to HK$34.4 million from HK$0.08 million in FY2019. The increase was mainly due to the higher of the provision for inventories and charge for the product liabilities, installation and warranty services which were recorded in FY2020.

Finance costs

Finance costs in FY2020 decreased by 75.4% to HK$3.3 million from HK$13.4 million in FY2019, mainly due to the decrease of interest expenses of loan from a shareholder.

Loss for the year

In view of the above, the Group's loss for FY2020 increased by 214.3% to HK$62.2 million from HK$19.8 million in FY2019.

Consolidated Statement of Financial Position

Inventories

Inventories decreased by HK$34.5 million from HK$55.8 million as at 31 December 2019 to HK$21.4 million as at 31 December 2020, mainly due to the lower overall level of inventories held to meet the lower demand.

Trade receivables

Trade receivables decreased by HK$103.7 million from HK$140.2 million as at 31 December 2019 to HK$36.5 million as at 31 December 2020, mainly due to the decrease in trade receivables which are over than 1 year.

Trade payables

Trade payables decreased by HK$7.8 million from HK$13.9 million as at 31 December 2019 to HK$6.1 million as at 31 December 2020 due to the decrease in trade payables which are less than 60 days.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for those disclosed in this announcement, there were no significant investments held by the Group as at 31 December 2020, nor were there other material acquisitions and disposals of subsidiaries by the Group during FY2020. Apart from those disclosed in this announcement, there was no other plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

PLEDGE OF ASSETS

The Group did not have any charges on its assets as at 31 December 2020.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Group did not have any material contingent liabilities or capital commitment as at 31 December 2020 and 2019.

EXPOSURE TO FLUCTUATIONS ON EXCHANGE RATES

The Group's transactions are mainly denominated in United States dollars, Japanese Yen, Hong Kong dollars and Renminbi. Therefore, the Group is exposed to foreign currency exchange risk. The Group has not implemented any foreign currency hedging policy at the moment. However, continuous monitoring on the foreign exchange exposure is carried out by the management and the management will consider hedging against significant foreign exchange exposure should the need arise.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2020, the Group's net current assets amounted to HK$210.4 million (2019: HK$455.5 million), of which the bank balances and cash were HK$115.7 million (2019: HK$204.9 million). The Group's current ratio was 6.2 (2019: 11.1).

Total bank borrowings, overdrafts, loan from a fellow subsidiary and loan from a shareholder as at 31 December 2020 was HK$23.8 million (2019: HK$192.0 million). All the Group's bank borrowings, overdraft, loan from a fellow subsidiary and loan from a shareholder were denominated in Renminbi, United States dollars and Hong Kong dollars. The Group's gearing ratio stood at 11.0% as at 31 December 2020 (2019: 68.4%), which is calculated based on the Group's total interest-bearing debts over the total equity. The Group adopts centralised financing and treasury policies in order to ensure that group financing is managed efficiently. The Group also regularly monitors its liquidity requirements, its compliance with lending covenants and its relationship with bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short term and long term.

PROSPECTS

The Group will continue to engage in the provision of distribution and after-sales services for analytical instruments. Faced with increasingly challenging market competition, the Board will make timely adjustments to sales strategies, increase inventory turnover, and maintain the steady development of the business. Meanwhile, the Group will continue the expansion of its distribution and trading business and trading and supply chain business of construction materials based on market demand.

The Group's controlling shareholder is an international energy investment group that is headquartered in Yunnan Province of China, which has taken the initiative to integrate into the new development landscape of "dual circulation system", contribute to the development of the country's Belt and Road Initiative and maintain its position as the leading enterprise based in the regional center reaching Southeast Asia and South Asia. The controlling shareholder has provided great assistance to the Group in market development, financing and talent pool.

Since 2020, the COVID-19 pandemic in Hong Kong is still evolving and the real economy suffered a hard hit and business activities have been affected severely. The Board of Directors of the Group always adheres to the principles of prudence and risk control and strives to utilize the controlling shareholder and other partners' resources and strengths as effectively as possible and takes proper actions to enhance value for all shareholders. In 2021, the Group will further leverage on the advantages of Hong Kong as an international financial center, proactively integrate into the new landscape of domestic and international dual circulation system, launch industrial investment business in a timely manner, expand the scale and improve the quality of the Group's assets, bring new opportunities and achieve steady development through the Group's strategic transformation of its current business.

Meanwhile, in view of the impact on the Group's existing business stemming from the uncertainties surrounding the macro environment, the Group will strictly monitor its operations and implement stringent risk controls, enhance the management of its existing business, and timely develop new industrial investment business and trading business tailored for market demand, so as to provide stable returns to shareholders and create value. At the same time, the Group will develop asset securitization business in a timely manner around projects with complementary advantages and synergistic effects.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2020, there were 27 (2019: 70) employees in the Group. The total staff cost of the Group amounted to approximately HK$8.0 million for the year ended 31 December 2020. Staff remuneration packages are determined after considering the market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses and share options to eligible staff based on their performance and contributions to the Group.

FINAL DIVIDEND

The Board has not declared a final divided for the year ended 31 December 2020.

ANNUAL GENERAL MEETING

It is proposed that the 2020 annual general meeting of the Company (the "**AGM**") will be held on a date to be fixed by the Board. Notice of convening the AGM will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS IN RESPECT OF SHAREHOLDERS' ENTITLEMENT TO ATTEND THE AGM

The Company will make a separate announcement to confirm the dates for the closure of register of members of the Company in respect of shareholders' entitlement to attend the AGM.

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

During FY2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**"), comprising three independent non-executive Directors, namely Mr. Shi Fazhen, Mr. Liu Zongliu and Ms. Jing Pilin, has reviewed the annual results and the consolidated financial statements of the Group for the financial year ended 31 December 2020, including the review of the accounting principles and practices adopted by the Group, and has also discussed the auditing, internal control and financial reporting matters. The Audit Committee has no disagreement with the accounting principles, treatments and practices adopted by the Group.

CORPORATE GOVERNANCE PRACTICE

The Company recognises the importance of good corporate governance and accountability to shareholders. The Board believes that the Company and all its stakeholders can benefit from such practice and management culture. Therefore, the Company continuously reviews its corporate governance practice to comply, where applicable, with the principles and guidelines of the Corporate Governance Code (the "**Hong Kong Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK (the "**Listing Rules**").

In the opinion of the Board, the Company has complied with the applicable code provisions of the Hong Kong Code throughout FY2020.

Further information of the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for FY2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuer" (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors.

Having made specific enquiry with all Directors, the Company confirmed that all members of the Board complied with the Model Code during FY2020.

Senior management, executives and staff who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of non-compliance with the Model Code by such employees was noted by the Company during FY2020.

SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's 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 December 2020 as set out in this announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this announcement.

DISCLOSURE ON THE WEBSITES OF THE EXCHANGES AND THE COMPANY

This annual results announcement is published on the websites of the SEHK, the SGX-ST and the Company.

The annual report of the Company for FY2020 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the websites of the SEHK, SGX-ST and the Company in due course.

By Order of the Board
Yunnan Energy International Co. Limited
Yan Jiong
Director

Hong Kong, 26 March 2021

As of the date of this announcement, the Board comprises Mr. YAN Jiong, Mr. ZHANG Jing, Mr. JIANG Wei, Ms. ZHAO Na and Mr. HE Junyu as the executive Directors; and Mr. SHI Fazhen, Mr. LIU Zongliu and Ms. JING Pilin as the independent non-executive Directors.