

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

**IDG Energy Investment**  
**IDG ENERGY INVESTMENT LIMITED**  
**IDG 能源投資有限公司\***  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 650)**

**FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021**

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 2021 (“**FY2020**”) 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 different assets and businesses, currently including 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 2021, the Company has invested in various energy portfolio companies in China and abroad, which include Hongbo Mining, Stonehold, JOVO, GNL Quebec 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 also has 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. Hongbo Mining is an operating company engaged in exploration, development, production and sales of crude oil in China, with its gross sales volume of approximately 319,522 barrels and gross revenue from sales of about HK\$112.5 million for FY2020. 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 2020 had reached approximately 650,752 boe and US\$19 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 a comprehensive clean energy service provider focusing on the mid-stream and terminal aspect of the gas industry. JOVO has subsequently completed the initial public offering application and review process (the “**IPO**”), and trading of its shares on the Shanghai Stock Exchange commenced on 25 May 2021 (stock code: 605090). JOVO offers a wide range of clean energy and related products, such as liquefied natural gas (LNG), liquefied petroleum gas (LPG) and methanol, and comprehensive solutions of international energy provision and integrated application, to its customers. The Company holds a 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 the 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 a 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.
- 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 the LNG logistics services using the 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 holds 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 had the majority voting right of the board of directors with all the decision-making power over the activities of Weipin from the completion of the acquisition to 21 June 2021. The Company consolidated the financial results of Weipin into its FY2020 financial statements.

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

\* *For identification purposes only*

## FINANCIAL SUMMARY

	Year Ended 31 March	
	2021 HK\$'000	2020 HK\$'000
Revenue from sales and services	1,760,515	243,546
— Revenue from sales of crude oil ( <i>Note 1</i> )	90,008	152,219
— Revenue from rendering of mobility services ( <i>Note 2</i> )	1,670,507	91,327
Investment loss ( <i>Note 3</i> )	(297,577)	(244,018)
Total loss from principal business activities, net of cost ( <i>Note 4</i> )	(302,970)	(206,152)
EBITDA	(314,972)	(210,978)
Loss before taxation	(464,389)	(303,843)
Loss for the year ( <i>Note 5</i> )	(436,376)	(296,725)
Basic loss per share (HK\$ per share)	(5.849 cent)	(4.499 cent)
Diluted loss per share (HK\$ per share)	(5.849 cent)	(4.499 cent)
	As at 31 March	
	2021 HK\$'000	2020 HK\$'000
Non-current assets	2,417,054	2,734,099
Current assets	1,188,470	1,179,910
Total assets	3,605,524	3,914,009
Current liabilities	355,843	277,114
Non-current liabilities	205,402	230,107
Total liabilities	561,245	507,221
Net assets	3,044,279	3,406,788
Total equity attributable to equity shareholders of the Company	2,904,233	3,229,711

*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. The decrease in revenue was mainly attributable to Hongbo Mining's active control in its oil production output considering the low oil price during FY2020.

*Note 2:* The revenue from rendering of mobility services represents the revenue from the online ride-hailing services provided by Weipin, which was a 35.5% owned subsidiary of the Company from 15 November 2019 (acquisition date of Weipin) to 31 March 2021.

*Note 3:* According to accounting policy, the investment loss 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. The investment loss was mainly attributable to the fair value change from the Stonehold investment which mainly resulted from the slow recovery and uncertainties in the demand for crude oil, which was affected by concerns over the prolonged COVID-19 pandemic in many parts of the world, holding back market recovery. In addition, the global promotion of carbon neutralization is accelerating, which promotes the use of natural gas and other alternative renewable energy and consequently reduces the long-term demand for fossil fuels like crude oil.

*Note 4:* The total loss 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, net of the cost of sales of crude oil and cost of rendering of mobility services. The loss was mainly due to the reasons stated above in Note 1 and Note 3.

Note 5: The loss for FY2020 is primarily attributed to the following factors:

- (i) The loss from the fair value change of the Stonehold investment;
- (ii) The operation loss from Hongbo Mining due to the decrease of crude oil price which was adversely affected by the COVID-19 pandemic and the imbalanced oil supply and demand during FY2020; and
- (iii) The non-cash impact from amortization of certain intangible assets in an amount of HK\$85 million during FY2020 from Weipin. These intangible assets include the online ride-hailing license, drivers list and business relationship, which were recognized in the acquisition of Weipin on 15 November 2019.

## OPERATING SUMMARY

		<b>Year ended 31 March</b>	
		<b>2021</b>	<b>2020</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>GLOBAL ENERGY INVESTMENT</b>	<b>Upstream oil and gas business from Hongbo Mining</b>		
	Gross production volume (barrels) (Note 1)	<b>314,466</b>	406,290
	Gross sales volume (barrels) (Note 1)	<b>319,522</b>	400,279
	Net sales volume (barrels)	<b>255,618</b>	320,224
	Average unit selling price (HK\$ per barrel) (Note 1)	<b>352</b>	475
	Average daily gross production volume (barrels)	<b>874</b>	1,129
	Average unit production cost before depreciation and amortisation (HK\$ per barrel) (Note 1)	<b>102</b>	92
	Average unit production cost (HK\$ per barrel) (Note 1)	<b>253</b>	214
	Wells drilled during the year		
	— Dry holes (unit) (Note 2)	—	—
	— Oil producers (unit) (Note 3)	—	12
	Fracturing workover during the year (unit)	—	3
		<b>Key investment (loss)/income</b>	
	Stonehold investment (Note 6 and 8)	<b>(300,421)</b>	(143,298)
	LNGL investment (Note 8)	<b>(26,144)</b>	(116,595)
	JOVO investment (Note 7 and 8)	<b>30,629</b>	2,167
<b>MOBILITY SERVICES BUSINESSES</b>	<b>Mobility services businesses from Weipin</b>		
	Total orders (Orders) (Note 4 and 5)	<b>65,373,216</b>	3,088,786
	Average daily order(s) (Note 4 and 5)	<b>179,597</b>	22,546
	Average revenue per order (HK\$) (Note 4 and 5)	<b>25.6</b>	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 Block 212 of Hongbo Mining, 3 exploratory wells that were completed for more than one year in the previous fiscal year were written off in FY2020. These 3 wells could not obtain industrial oil flow due to the current economic and technical conditions, and therefore were deemed to have no industrial production value. The land acquisition compensation and preliminary expenses related to the 3 wells were transferred to the exploration expenses in a total amount of approximately HK\$13.3 million.

*Note 3:* In FY2020, Hongbo Mining halted all well-drilling activities in response to the adverse effect of the COVID-19 pandemic and the global imbalance of the oil supply and demand.

*Note 4:* Weipin was a subsidiary of the Company engaged in online car-hailing mobility business from November 2019 and ceased to be consolidated into the financial statements of the Company with effect from 21 June 2021. Due to the COVID-19 pandemic, Weipin had not reached full potential in both revenue and daily order volume generated from the mobility services in FY2020. Nevertheless, China has shown great improvement on the containment of the COVID-19 pandemic, and people's enthusiasm and frequency for travelling have been restored significantly. Furthermore, with the expansion of new cities covered by Weipin, the mobility services business has been improved with the average daily order volume reaching 454,000 orders in January 2021.

*Note 5:* Average revenue per order is calculated with reference to the total revenue generated from the mobility services businesses and the total number of orders during FY2020. The significant increase of the total orders and average daily orders was mainly due to the expansion of new cities covered by Weipin and the great improvement on the containment of the COVID-19 pandemic in China, people's enthusiasm and frequency for travelling have been restored significantly starting from second half of 2020.

*Note 6:* The significant loss from the Stonehold investment was mainly attributable to the fair value change from the Stonehold investment. In light of the prolonged COVID-19 pandemic in many parts of the globe, the said loss primarily resulted from the slow market recovery and uncertainties in the world's demand for crude oil. In addition, the global promotion of carbon neutralization is accelerating, which promotes the use of natural gas and other alternative renewable energy and consequently reduces the long-term demand for fossil fuels like crude oil.

*Note 7:* The valuation of JOVO investment improved due to the improvement of operational performance in JOVO in 2020. JOVO has subsequently completed its IPO, and trading of its shares on the Shanghai Stock Exchange commenced on 25 May 2021 (stock code: 605090).

*Note 8:* Please refer to note 3 to the financial results and the section headed “Business Review” in this final results announcement for further information.

For the purpose of this final results 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.

\* For identification purposes only

## FINANCIAL RESULTS

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

(Expressed in Hong Kong dollars)

	Note	Year ended 31 March	
		2021 HK\$'000	2020 HK\$'000
Revenue from sales and services		1,760,515	243,546
Cost of sales and services		(1,765,908)	(205,680)
		(5,393)	37,866
Investment loss		(297,577)	(244,018)
<b>Total loss from principal business activities, net of cost</b>	3	(302,970)	(206,152)
Other net gains	4	1,964	39
Administrative expenses		(132,467)	(83,494)
Taxes other than income tax	5	(6,985)	(11,391)
Exploration expenses, including dry holes	6	(15,613)	(2,914)
Impairment loss on trade receivables		(13,550)	(1,832)
<b>Loss before net finance income and taxation</b>		(469,621)	(305,744)
Finance income		14,586	22,771
Finance cost		(9,354)	(20,870)
Net finance income	7	5,232	1,901
<b>Loss before taxation</b>		(464,389)	(303,843)
Income tax	8	28,013	7,118
<b>Loss for the year</b>		(436,376)	(296,725)
<b>Attributable to:</b>			
Equity shareholders of the company		(386,701)	(276,790)
Non-controlling interests		(49,675)	(19,935)
<b>Loss for the year</b>		(436,376)	(296,725)
<b>Loss per share</b>	9		
Basic		HK\$(5.849 cent)	HK\$(4.499 cent)
Diluted		HK\$(5.849 cent)	HK\$(4.499 cent)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 March 2021*

*(Expressed in Hong Kong dollars)*

	<b>Year ended 31 March</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Loss for the year</b>	<b>(436,376)</b>	<b>(296,725)</b>
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>		
Items that will not be reclassified to profit or loss:		
Equity investment at FVOCI — net movement in fair value reserve (non-recycling)	<b>(6,372)</b>	(840)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	<b>62,918</b>	(39,143)
<b>Other comprehensive income for the year</b>	<b>56,546</b>	<b>(39,983)</b>
<b>Total comprehensive income for the year</b>	<b>(379,830)</b>	<b>(336,708)</b>
<b>Attributable to:</b>		
Equity shareholders of the company	<b>(342,799)</b>	(313,022)
Non-controlling interests	<b>(37,031)</b>	(23,686)
<b>Total comprehensive income for the year</b>	<b>(379,830)</b>	<b>(336,708)</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars)

		At 31 March 2021 HK\$'000	At 31 March 2020 HK\$'000
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment		570,161	571,992
Construction in progress		3,106	15,623
Intangible assets		333,806	384,276
Goodwill		112,837	112,837
Right-of-use assets		18,661	22,798
Interest in an associate		46,597	50,086
Financial assets at fair value through profit or loss	10	1,288,153	1,506,377
Financial assets at fair value through other comprehensive income		–	36,476
Other non-current assets		33,632	31,161
Deferred tax assets		10,101	2,473
		<u>2,417,054</u>	<u>2,734,099</u>
<b>Current assets</b>			
Inventories		4,718	6,492
Trade receivables	11	54,648	10,825
Bill receivables	11	24,965	–
Other receivables	11	45,977	31,393
Financial assets at fair value through profit or loss	10	35,495	16,999
Time deposits with maturities over three months but within one year		38,875	–
Cash and cash equivalents		983,792	1,114,201
		<u>1,188,470</u>	<u>1,179,910</u>
<b>Current liabilities</b>			
Trade and other payables	12	326,622	193,275
Contract liabilities		368	1,087
Bank and other borrowings		23,664	77,543
Lease liabilities		5,189	5,209
		<u>355,843</u>	<u>277,114</u>
<b>Net current assets</b>		<u>832,627</u>	<u>902,796</u>
<b>Total assets less current liabilities</b>		<u>3,249,681</u>	<u>3,636,895</u>



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***(Expressed in Hong Kong dollars)*

		At 31 March 2021 <i>HK\$'000</i>	At 31 March 2020 <i>HK\$'000</i>
	<i>Note</i>		
<b>Non-current liabilities</b>			
Convertible bond	<i>13</i>	36,145	50,018
Lease liabilities		4,164	8,458
Deferred tax liabilities		107,913	119,759
Provisions		57,180	51,872
		<u>205,402</u>	<u>230,107</u>
<b>NET ASSETS</b>		<u><u>3,044,279</u></u>	<u><u>3,406,788</u></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>14(b)</i>	68,917	65,959
Treasury shares	<i>14(b)</i>	–	(680)
Reserves		2,835,316	3,164,432
		<u>2,904,233</u>	<u>3,229,711</u>
<b>Total equity attributable to equity shareholders of the company</b>		<b>2,904,233</b>	<b>3,229,711</b>
<b>Non-controlling interests</b>		<u>140,046</u>	<u>177,077</u>
<b>TOTAL EQUITY</b>		<u><u>3,044,279</u></u>	<u><u>3,406,788</u></u>

## 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 2021, 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 amendments to 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 accounting period reflected in these financial information.

#### (b) Basis of preparation

The financial information for the year ended 31 March 2021 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;

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 the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendments to HKFRS 9, HKAS 39 and HKFRS 7, *Interest Rate Benchmark Reform*
- Amendments to HKAS 1 and HKAS 8, *Definition of Material*

None of these 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.

**3 TOTAL LOSS FROM PRINCIPAL BUSINESS ACTIVITIES, NET OF COST AND SEGMENT REPORTING**

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

	<b>Year ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue from contracts with customers and recognised at point in time within the scope of HKFRS 15		
— sales of crude oil ( <i>note (i)</i> )	<b>90,008</b>	152,219
— rendering of mobility services ( <i>note (ii)</i> )	<b>1,670,507</b>	91,327
Cost of sales and services		
— sales of crude oil	<b>(79,521)</b>	(86,960)
— rendering of mobility services	<b>(1,686,387)</b>	(118,720)
	<b>(5,393)</b>	37,866
Investment loss ( <i>note (iii)</i> )	<b>(297,577)</b>	(244,018)
Total loss from principal business activities, net of cost	<b>(302,970)</b>	(206,152)

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 January 2021 and the expiry date of the EPCC is extended to 30 June 2022. 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 of Block 378 had expired on 9 November 2019 with a new exploration 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 is one major customer with whom transactions have exceeded 10% of the revenue from sales of crude oil.
- (ii) Revenue from rendering of mobility service is generated by 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 of Weipin effectively holding 35.5% of its total share capital and Weipin has become the holding company of the mobility services platform business. Revenue from rendering of mobility services is generated from rendering of online ride-hailing services to passengers through Gaode, Didi and other 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

	Year ended 31 March	
	2021 HK\$'000	2020 HK\$'000
Stonehold investment (note (1))	(300,421)	(143,298)
JOVO investment (note (1))	30,629	2,167
GNL Quebec investment (note (1))	(6,719)	29,140
Trading securities listed in the U.S. and France (note (1))	1,491	(7,049)
LNGL investment (note (1))	(26,144)	(116,595)
Fund investment (note (1))	8,161	–
Dividend income (note (2))	896	1,612
Share of losses of an associate (note (3))	(7,334)	(8,952)
Net realised and unrealised losses on derivative financial instruments	–	(1,641)
Others	1,864	598
	<b>(297,577)</b>	<b>(244,018)</b>

*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, LNGL investment and fund investment during the year. Such assets are measured at FVTPL (see note 10), any interest income arising from such assets is included in fair value changes.
- (2) The amount represents the dividend income from equity investment designated as FVOCI and trading securities listed in the U.S..
- (3) The amount represents share of an associate's 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 in and managing 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 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 2021 and 2020 is set out below.

	Global energy investment		Mobility services businesses		Total	
	Year ended 31 March		Year ended 31 March		Year ended 31 March	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from sales and services (note)	90,008	152,219	1,670,507	91,327	1,760,515	243,546
Investment loss	(297,577)	(244,018)	-	-	(297,577)	(244,018)
<b>Reportable segment loss (adjusted EBITDA)</b>	<b>(299,197)</b>	<b>(202,174)</b>	<b>(14,860)</b>	<b>(8,619)</b>	<b>(314,057)</b>	<b>(210,793)</b>
Depreciation and amortisation	(52,672)	(53,259)	(90,224)	(32,197)	(142,896)	(85,456)
Interest income	12,510	21,811	204	42	12,714	21,853
Interest expense	(6,372)	(7,305)	(1,064)	(289)	(7,436)	(7,594)
Impairment losses on trade receivables	-	(1,832)	(13,550)	-	(13,550)	(1,832)
<b>Reportable segment assets (including interest in an associate)</b>	<b>3,022,112</b>	<b>3,413,165</b>	<b>586,058</b>	<b>509,500</b>	<b>3,608,170</b>	<b>3,922,665</b>
	<b>46,597</b>	<b>50,086</b>	<b>-</b>	<b>-</b>	<b>46,597</b>	<b>50,086</b>
Additions to non-current segment assets during the year	1,949	67,817	9,826	3,557	11,775	71,374
<b>Reportable segment liabilities</b>	<b>(260,874)</b>	<b>(351,209)</b>	<b>(205,205)</b>	<b>(47,382)</b>	<b>(466,079)</b>	<b>(398,591)</b>

Notes:

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.

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

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
<b>Revenue from sales and services</b>	<b>1,760,515</b>	<b>243,546</b>
<b>Loss</b>		
Reportable segment loss (adjusted EBITDA)	(314,057)	(210,793)
Elimination of inter-segment profits	(915)	(185)
Depreciation and amortisation	(142,896)	(85,456)
Interest expense	(6,521)	(7,409)
<b>Consolidated loss before taxation</b>	<b>(464,389)</b>	<b>(303,843)</b>

	<b>At 31 March 2021 HK\$'000</b>	At 31 March 2020 HK\$'000
<b>Assets</b>		
Reportable segment assets	3,608,170	3,922,665
Deferred tax assets	10,101	2,473
Elimination of inter-segment receivables	<u>(12,747)</u>	<u>(11,129)</u>
Consolidated total assets	<u><b>3,605,524</b></u>	<u>3,914,009</u>
	<b>At 31 March 2021 HK\$'000</b>	At 31 March 2020 HK\$'000
<b>Liabilities</b>		
Reportable segment liabilities	466,079	398,591
Deferred tax liabilities	107,913	119,759
Elimination of inter-segment payables	<u>(12,747)</u>	<u>(11,129)</u>
Consolidated total liabilities	<u><b>561,245</b></u>	<u>507,221</u>

(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

	<b>Year ended 31 March</b>	
	<b>2021 HK\$'000</b>	2020 HK\$'000
Net (loss)/gain on disposal of property, plant and equipment	(2)	39
Net gain on exemption of debt	1,910	–
Net gain on lease modification	<u>56</u>	<u>–</u>
	<u><b>1,964</b></u>	<u>39</u>

#### 5 TAXES OTHER THAN INCOME TAX

	<b>Year ended 31 March</b>	
	<b>2021 HK\$'000</b>	2020 HK\$'000
Resources tax	5,401	9,126
Petroleum special profit taxation	–	613
City construction tax	600	701
Education surcharge	595	408
Water resources tax	<u>389</u>	<u>543</u>
	<u><b>6,985</b></u>	<u>11,391</u>

## 6 EXPLORATION EXPENSES, INCLUDING DRY HOLES

	Year ended 31 March	
	2021 HK\$'000	2020 HK\$'000
Dry holes	13,321	–
Staff cost	2,292	1,960
Technical service fee	–	954
	<u>15,613</u>	<u>2,914</u>

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

## 7 NET FINANCE INCOME

	Year ended 31 March	
	2021 HK\$'000	2020 HK\$'000
Interest income	11,799	21,668
Net gain on bank financing products	1,253	1,103
Foreign exchange gains/(loss), net	1,534	(9,461)
Interest on bank and other borrowings	(1,247)	(2,036)
Interest on lease liabilities	(570)	(406)
Interest on convertible bond	(4,704)	(4,967)
Accretion expenses	(2,539)	(2,386)
Others	(294)	(1,614)
	<u>5,232</u>	<u>1,901</u>

## 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	
	2021 HK\$'000	2020 HK\$'000
<b>Current tax — Hong Kong Profits Tax</b>		
Provision for the year	–	–
<b>Current tax — Outside of Hong Kong</b>		
Provision for the year	–	1,448
	–	1,448
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(28,013)	(8,566)
	<u>(28,013)</u>	<u>(7,118)</u>



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

	Year ended 31 March	
	2021 HK\$'000	2020 HK\$'000
Loss before taxation	<u>(464,389)</u>	<u>(303,843)</u>
Notional tax on profit before taxation, calculated		
at the rates applicable to profits in the countries concerned	(30,625)	(8,900)
Tax effect on bonus deduction of research and development costs	(2,179)	–
Effect of non-taxable income	(3,896)	(3,556)
Effect of non-deductible expenses	936	12,212
Effect of unrecognised tax losses	7,751	7,427
Use of unrecognised tax losses	–	(14,301)
Actual tax expense	<u>(28,013)</u>	<u>(7,118)</u>

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% (2020: 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% (2020: 25%) of the assessable profit as determined in accordance with the relevant income tax rules and regulations of the PRC.

**9 LOSS PER SHARE**

(a) **Basic loss per share**

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$386,701,000 and the weighted average of 6,611,214,000 ordinary shares in issue during the year, calculated as follows:

*Weighted average number of ordinary shares*

	Year ended 31 March	
	2021 '000	2020 '000
Issued ordinary shares at 1 April	6,594,867	6,595,907
Effect of conversion of convertible bond (note 13(f))	17,123	–
Effect of shares repurchased (note 14(b))	(776)	(26)
Weighted average number of ordinary shares at 31 March	<u>6,611,214</u>	<u>6,595,881</u>

(b) **Diluted loss per share**

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 March 2021 and 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.

## 10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 March 2021 HK\$'000	At 31 March 2020 HK\$'000
<b>Non-current assets</b>		
Stonehold investment (note (a))	964,430	1,264,851
JOVO investment (note (b))	170,950	140,321
GNL Quebec investment (note (c))	68,342	75,061
LNGL investment (note (d))	–	26,144
ssLNG solution investment (note (e))	25,109	–
Fund investment (note (f))	59,322	–
	<b>1,288,153</b>	<b>1,506,377</b>
<b>Current assets</b>		
Trading securities listed in the U.S. and France	–	3,661
Bank financing products	35,495	13,338
	<b>35,495</b>	<b>16,999</b>

### 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 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 comprehensive clean energy service provider focusing on the mid-stream and terminal aspect of the gas industry. It offers a wide range of clean energy and related products, such as liquefied natural gas (LNG), liquefied petroleum gas (LPG) and methanol, and comprehensive solutions of international energy provision and integrated application.

- (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.

In 2020, LNGL had evaluated potential corporate and asset transactions to provide liquidity and value for its shareholders. Being affected by the adverse dynamics in the general global economy and the oil and gas market, and other factors, LNGL’s cash reserves were insufficient to sustain its operations in the long run. To raise additional funding for its operations, LNGL sold its equity interests in subsidiaries that own and operate the Magnolia LNG project, which is situated in Louisiana, U.S., in late May 2020. LNGL and the purchaser had agreed to work together (on a non-exclusive basis) on a potential recapitalization proposal for LNGL but without success.

On 9 February 2021, the creditors of LNGL resolved to place LNGL into liquidation, and all the remaining assets of LNGL will be used to pay the creditors in full for their claims before its shareholders can receive any distribution.

- (e) On 15 July 2020, the Company entered into a subscription agreement with a small scale LNG solution provider (“**ssLNG solution investment**”) at an aggregate subscription price of US\$3 million (approximately HK\$23.2 million). LNG solution provider aims to solve defining challenges in strategy, operation, sustainability and new business development for LNG industry clients across Asian Market.
- (f) On 8 June 2020, Valuefort Investment Limited (“**Valuefort**”), a wholly-owned subsidiary of the Company, and general partner of IDG Capital Project Fund II, L.P. entered into a subscription agreement for the admission of Valuefort as the subscriber into the Fund. Pursuant to the agreement, Valuefort proposed to make capital commitments of US\$20 million (equivalent to approximately HK\$155.05 million). As at 31 March 2021, the total capital contributed by Valuefort is US\$6.6 million (equivalent to approximately HK\$51.2 million).

## 11 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), net of allowance for doubtful debts, based on the invoice date, is as follows:

	At 31 March 2021 HK\$'000	At 31 March 2020 HK\$'000
Within 1 month	51,216	10,825
1 to 6 months	3,432	–
Trade receivables, net of allowance for doubtful debts	<u>54,648</u>	<u>10,825</u>
Bills receivable	24,965	–
Other receivables	19,003	8,691
Prepayment to suppliers	26,974	22,702
	<u><u>125,590</u></u>	<u><u>42,218</u></u>

The Company and its subsidiaries measure loss allowance for trade receivables at amount equal to lifetime ECLs. The ECLs were calculated based on historical actual credit loss experiences. The rates were considered the differences between economic conditions during the period over which the historical data has been collected, current conditions and Company and its subsidiaries' view of economic conditions over the expected lives of the receivables. The Company and its subsidiaries performed the calculation of ECL rates by the operating segment.

The following table provides information about the exposure to credit risk and ECLs for accounts receivables as at 31 March 2021 and 2020.

	Gross carrying amount HK\$'000	Impairment provision on individual basis HK\$'000	Impairment provision on provision matrix basis		
			Weighted- average loss rate %	Impairment provision HK\$'000	Loss allowance HK\$'000
<b>31 March 2021</b>					
with 1 month past due	53,859	–	4.91%	2,643	2,643
1 to 6 months past due	13,773	–	75.08%	10,341	10,341
over 6 months past due	2,964	1,928	100.00%	1,036	2,964
Total	<u><u>70,596</u></u>	<u><u>1,928</u></u>		<u><u>14,020</u></u>	<u><u>15,948</u></u>
			Impairment provision on provision matrix basis		
	Gross carrying amount HK\$'000	Impairment provision on individual basis HK\$'000	Weighted- average loss rate %	Impairment provision HK\$'000	Loss allowance HK\$'000
<b>31 March 2020</b>					
with 1 month past due	10,825	–	0.00%	–	–
1 to 6 months past due	1,784	1,784	N/A	–	1,784
Total	<u><u>12,609</u></u>	<u><u>1,784</u></u>		<u><u>–</u></u>	<u><u>1,784</u></u>

## 12 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:

	<b>At 31 March 2021 HK\$'000</b>	At 31 March 2020 HK\$'000
Within 1 year	<b>178,599</b>	73,928
Over 1 year but within 2 years	<b>15,341</b>	4,781
Over 2 years but within 3 years	<b>3,376</b>	8,058
Over 3 years	<b>10,147</b>	7,309
	<hr/>	<hr/>
Trade payables	<b>207,463</b>	94,076
Taxes other than income tax payable	<b>20,849</b>	13,594
Income tax payable	<b>1,524</b>	1,410
Payable due to Yanchang	<b>65,346</b>	57,286
Interest payable	<b>10,568</b>	9,711
Others	<b>20,872</b>	17,198
	<hr/>	<hr/>
	<b>326,622</b>	193,275
	<hr/> <hr/>	<hr/> <hr/>

The fair value of trade payables approximates their carrying amounts.

## 13 CONVERTIBLE BOND

	<b>Liability component HK\$'000</b>	<b>Equity component HK\$'000</b>	<b>Total HK\$'000</b>
<b>At 31 March 2019</b>	45,653	86,119	131,772
Interest expenses ( <i>note 7</i> )	4,967	–	4,967
Interest payable	(602)	–	(602)
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2020</b>	50,018	86,119	136,137
Interest expenses ( <i>note 7</i> )	4,704	–	4,704
Interest payable	(600)	–	(600)
Conversion of convertible bond ( <i>note(f)</i> )	(17,977)	(28,707)	(46,684)
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2021</b>	<b>36,145</b>	<b>57,412</b>	<b>93,557</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*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.
- (f) On 9 March 2021, Titan Gas transferred part of the convertible bond with the nominal value of HK\$6,048,000 to one entity. Subsequently, Titan Gas and the other convertible bond holder exercised the conversion rights to convert their convertible bonds with the nominal value of HK\$13,952,000 and HK\$6,048,000 into 207,619,047 and 90,000,000 ordinary shares respectively. At 31 March 2021, the remaining convertible bond with nominal value of HK\$40,000,000 was solely held by Titan Gas.

## **14 CAPITAL, RESERVES AND DIVIDENDS**

### **(a) Dividends**

There is no dividend declared attributable to the year ended 31 March 2021 (2020: Nil).

There is no dividend payable to owners of the Company attributable to previous financial year, approved and paid during the year ended 31 March 2021 (2020: Nil).

**(b) Share capital**

	Ordinary shares		Preferred shares		Total	
	<i>Number of shares '000</i>	<i>Nominal value HK\$'000</i>	<i>Number of shares '000</i>	<i>Nominal value HK\$'000</i>	<i>Number of shares '000</i>	<i>Nominal value HK\$'000</i>
<b>Shares of HK\$0.01 each</b>						
<b>Authorised:</b>						
At 1 April 2019, 31 March 2020 and 31 March 2021	<u>11,000,000</u>	<u>110,000</u>	<u>5,000,000</u>	<u>50,000</u>	<u>16,000,000</u>	<u>160,000</u>
<b>Issued, paid or payable:</b>						
At 1 April 2019	6,595,907	65,959	–	–	6,595,907	65,959
Purchase of own shares	<u>(1,040)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,040)</u>	<u>–</u>
At 31 March 2020	6,594,867	65,959	–	–	6,594,867	65,959
Purchase of own shares ( <i>Note</i> )	<u>(776)</u>	<u>(18)</u>	<u>–</u>	<u>–</u>	<u>(776)</u>	<u>(18)</u>
Conversion of convertible bond ( <i>note 13(f)</i> )	<u>297,619</u>	<u>2,976</u>	<u>–</u>	<u>–</u>	<u>297,619</u>	<u>2,976</u>
At 31 March 2021	<u>6,891,710</u>	<u>68,917</u>	<u>–</u>	<u>–</u>	<u>6,891,710</u>	<u>68,917</u>

*Note:*

During the year ended 31 March 2021, the Company repurchased its own shares on the Stock Exchange as follows:

<b>Month/year</b>	<b>Number of shares repurchased</b>	<b>Highest price paid per share</b> <i>HK\$</i>	<b>Lowest price paid per share</b> <i>HK\$</i>	<b>Aggregate price paid</b> <i>HK\$'000</i>
April 2020	<u>776,000</u>	0.89	0.80	<u>655</u>

All the repurchased shares were cancelled by the Company upon such repurchase and, accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. The premium payable on the repurchase was charged against the share premium account.

## 15 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

### (a) Deconsolidation of the mobility services business

As at 31 March 2021, the Company effectively holds 35.5% of the equity share of Weipin, and the Company had the majority voting right of the board of directors with all the decision-making power over the activities of Weipin.

To provide the management of Weipin with more flexibility in terms of decision making over its operations, on 21 June 2021, through amicable negotiations, the shareholders of Weipin agreed to enter into an amended shareholders' agreement so as to, among other things, make adjustments to the structure of the board of Weipin, of which the Company agrees to lower its number of designated directors from 3 to 2 directors in the board of Weipin (the "**Adjustment**"). After the Adjustment, the Company no longer has the majority voting right of the board of directors of Weipin, and in turn no longer has the control over the relevant activities of Weipin. Pursuant to the relevant regulatory requirements and accounting standards, Weipin ceased to be consolidated into the financial statements of the Company with effect from 21 June 2021. The shareholding percentage held by the Company in Weipin remains unchanged (i.e. 35.5%), and Weipin continues to be a portfolio company invested by the Company. The Company is in the process of evaluating the fair value of the investment held by the Company and the deemed disposal gain or loss of Weipin will be recognized in the year ending 31 March 2022.

### (b) Impact of COVID-19

The Coronavirus outbreak ("**COVID-19**") since early 2020 has brought additional uncertainties to the global business environment as well as to the Company.

As far as the Company's businesses are concerned, the COVID-19 has negatively affected the operation, and caused the decrease in the demand for crude oil. Although crude oil price was on the rise recently as a result of the expected gradual recovery in demand, it is very difficult to predict how the situation will turn out in the near future considering the impact of repeated epidemics. As the result, the market is still very fragile.



## 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 different assets and businesses, currently including 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, 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.

The global oil market has been largely disrupted by the COVID-19 pandemic in 2020. The global economic recovery has been dramatically uneven and fragile with China leading the way to return to normal, while the rest of the world lags behind. However, the uncertainty created by COVID-19 shows little sign of abating. On the supply side, global supply is falling as OPEC+ countries improved their compliance rate with the production reduction agreement, but the potential impact of Iran's increased production still exist. Although oil prices have remained at a relatively high level due to the expected gradual recovery in demand, considering the current repeated epidemics, it is very difficult to predict how the situation will turn out in the near future. As a result, the market is still very fragile. The Company will continue to pay close attention to the market and try to preserve value for its assets financially and operationally.

##### 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 (the “EPCC”) 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 cover a combined region of 591 km<sup>2</sup> 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. Furthermore, Block 212 and Block 378 are entitled to exploration permits which are renewable for a term of two years after expiration. The current exploration permit for Block 212 will expire on 3 April 2022, whereas the exploration permit for Block 378 had expired on 9 November 2019 and the application for a renewal permit is being processed.

In response to the adverse effects of the COVID-19 pandemic and the imbalance of the oil supply/demand, Hongbo Mining has quickly adjusted its production target by actively controlling production volume, reducing capital expenditures, and implementing various measures for cost reduction and efficiency improvement. Accordingly, Hongbo Mining had halted all its well drilling activities in FY2020 to reserve the production capacity for more favorable pricing in the future. Besides, Hongbo Mining had actively negotiated with its major buyer, and successfully obtained a favorable oil selling price at second quarter of 2020. As of 31 March 2021, all the production wells, reserves and resources estimated by Hongbo Mining were located in Block 212.

As a result, in FY2020 Hongbo Mining’s oil production volume decreased by approximately 22.6% to 314,466 barrels; its gross and net oil sales volume decreased by approximately 20.2% to 319,522 barrels and 255,618 barrels, respectively. 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 40.8% to approximately HK\$112.5 million and HK\$90.0 million, respectively, compared to the year ended 31 March 2020 (“FY2019”).

Due to the decrease of oil and gas reserves, the average unit production cost increased by HK\$39 per barrel, or approximately 18.2%, from HK\$214 per barrel (equivalent to US\$27.4 per barrel) in FY2019 to HK\$253 per barrel (equivalent to US\$32.6 per barrel) in FY2020. And the average unit production cost before depreciation and amortization increased by HK\$10 per barrel, or approximately 10.5%, from HK\$92 per barrel (equivalent to US\$11.8 per barrel) in FY2019 to HK\$102 per barrel (equivalent to US\$13.1 per barrel) in FY2020.

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

	Year ended 31 March	
	2021	2020
Average daily gross production volume ( <i>barrels</i> )	<b>874</b>	1,129
Average daily gross sales volume ( <i>barrels</i> )	<b>888</b>	1,112
Average unit production cost before depreciation and amortisation ( <i>HK\$ per barrel</i> )	<b>102</b>	92
Average unit production cost ( <i>HK\$ per barrel</i> )	<b>253</b>	214
Average unit selling price ( <i>HK\$ per barrel</i> )	<b>352</b>	475

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

	Summary of expenditures incurred for the year ended 31 March			
	2021		2020	
	Number	Cost ( <i>HK\$'000</i> )	Number	Cost ( <i>HK\$'000</i> )
<b>Wells drilled during the year</b>				
Oil producers	–	–	12	51,131
Dry holes ( <i>Note</i> )	–	<b>13,321</b>	–	–
	<u>–</u>	<u>13,321</u>	<u>–</u>	<u>–</u>
Total	<u>–</u>	<u>13,321</u>	<u>12</u>	<u>51,131</u>
<b>Fracturing workover</b>	–	–	3	2,116
<b>Geological and geophysical costs</b>	–	<b>2,292</b>	–	2,914

*Note:* In Block 212, the 3 exploratory wells that were completed for more than one year in the previous fiscal year were written off in FY2020. These 3 wells could not obtain industrial oil flow due to the current economic and technical conditions, and therefore were deemed to have no industrial production value. The land acquisition compensation and preliminary expenses related to the 3 wells were transferred to the exploration expenses in a total amount of approximately HK\$13.3 million.

Based on the oil and gas reserves as at 31 March 2021 as estimated by independent technical consultants, the net 1P reserves of Hongbo Mining were 6.99 million barrels at stock tank conditions (“**MMstb**”) and the net 2P reserves were 11.80 MMstb. Due to the challenges of the macro-economy such as highly volatile prices of oil and gas, the net 1P and 2P reserves decreased by 9.6% and 13.1%, respectively, as compared with those as at 31 March 2020.

The below are the summary and review of the reserves and resources of Hongbo Mining as at 31 March 2021 and 31 March 2020, as conducted by the independent technical consultants, Gaffney, Cline & Associates (“GCA”):

	<b>As at 31 March 2021</b>		As at 31 March 2020	
	<b>Gross</b>	<b>Net</b>	Gross	Net
	<i>(MMstb)</i>	<i>(MMstb)</i>	<i>(MMstb)</i>	<i>(MMstb)</i>
Proved (1P)	<b>8.74</b>	<b>6.99</b>	9.2	7.3
Proved + Probable (2P)	<b>14.75</b>	<b>11.80</b>	16.3	13.0
Proved + Probable + Possible (3P)	<b>18.68</b>	<b>14.94</b>	20.5	16.4
Contingent resources (1C)	<b>3.92</b>	<b>3.13</b>	2.1	1.6
Contingent resources (2C)	<b>7.98</b>	<b>6.39</b>	3.5	2.8
Contingent resources (3C)	<b>12.80</b>	<b>10.24</b>	5.6	4.5
Prospective resources	<b>9.7</b>	<b>7.76</b>	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 24,087 gross acres (9,123 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 218 producing wells currently, and the total net production and revenue of the Target Assets for the year 2020 were approximately 650,752 boe<sup>Note</sup> and US\$19 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.

Due to the impact of low oil price, Stonehold and its operators have carried out a curtailment plan for its oil production between April and July 2020. The plan helped Stonehold maintain the required cashflow in its asset and also reserved the production capacity for better pricing later on. Moreover, Stonehold has actively worked with the operators to postpone drilling and completion activities until a later date when oil price rallies. Given that the oil price has improved, crude oil production recovered since July 2020. The cumulative production for the whole year of 2020 was 650,752 barrels of oil equivalent, the annual average realized oil price was US\$29.2/barrel and the Company recorded a loss in the fair value of the Stonehold investment amounting to US\$39 million in FY2020. The loss of fair value change from the Stonehold Investment mainly resulted from the slow recovery and uncertainties in the demand for crude oil, which was affected by concerns over the prolonged COVID-19 pandemic in many parts of the world, holding back market recovery. In addition, the global promotion of carbon neutralization is accelerating, which promotes the use of natural gas and other alternative renewable energy and consequently reduces the long-term demand for fossil fuels like crude oil.

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.

Despite the impact of the COVID-19 epidemic, the apparent consumption of natural gas of China in 2020 is 325.6 billion cubic meters, representing a year-on-year increase of 6.9%. From the supply perspective, local and imported LNG continued to lead the rise in 2020. The largest increase in imported LNG was 9.7%, and the increase of local LNG was up to 15 billion cubic meters. At the beginning of 2020, the global LNG price hit a record low. Due to the subsequent recovery of demand in parts of Asia, the increase in the winter purchases of 2020 and the shortage of supply, the market price of the international LNG spot price and domestic natural gas rebounded rapidly in the fourth quarter of 2020, and the domestic LNG price also exceeded RMB10,000/ton. In December 2020, the price of LNG reached as high as RMB12,000-13,000/ton in East China. Some of its LNG portfolio companies of the Company benefited the low-cost LNG purchase in the first three quarters of 2020 and the high selling price in the terminal market in the fourth quarter of 2020, and achieved better-than-expected performance.

### 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).

In the first three quarters of 2020, LNG supply in the international market was sufficient, JKM dropped to a lower level, which lowered the JOVO's LNG spot purchase costs. However, the domestic selling price decreased together with the international purchase prices to a limited extent, and such price gap supported the JOVO's overall profit level. According to JOVO's financial results, JOVO achieved a net profit of RMB768 million attributable to the parent in 2020, representing a year-on-year increase of 109%.

JOVO has subsequently completed the IPO, and trading of its shares on the Shanghai Stock Exchange commenced on 25 May 2021 (stock code: 605090). The Company holds approximately 2.06% of the enlarged share capital in JOVO after its IPO. JOVO has raised approximately RMB2.68 billion from the IPO and plans to utilise the proceeds for purchasing two state-of-the-art mid-size LNG vessels and supplementing its working capital in order to further expand its production capacity and improve its profitability.

The Company firmly believes that JOVO's business strategy is in line with the trend of a low-carbon economy, and the continuing high demand for natural gas supply in China will keep JOVO growing at a high speed. The investment in JOVO provides a valuable opportunity for the Company to participate in the rapidly growing natural gas market in China with a good prospect of investment return. The completion of the IPO shall drive JOVO to establish a more advanced corporate governance structure, and provide a platform to access more financial resources for its future development. The IPO also provides liquidity to the Company's investment in JOVO, which may help better reflect the market value of the Company's investment in JOVO. The Company will continue to evaluate this investment portfolio from time to time and determine the appropriate investment and divestment strategy to realise optimum financial return.

### 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 2021.

According to the information provided by GNL Quebec, through its wholly-owned subsidiary, it 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. Along with it is 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.

GNL Quebec remains on-track to develop the Terminal and Pipeline. 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 the cost competitiveness of 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 9.8% equity interest in LNGL.

In 2020, LNGL had evaluated potential corporate and asset transactions to provide liquidity and value for its shareholders. Being affected by the adverse dynamics in the general global economy, the oil and gas market and other factors, LNGL’s cash reserves were insufficient to sustain its operations in the long run. To raise additional funding for its operations, LNGL sold its equity interests in subsidiaries that own and operate the Magnolia LNG project, which is situated in Louisiana, U.S., in late May 2020. LNGL and the purchaser had agreed to work together (on a non-exclusive basis) on a potential recapitalization proposal for LNGL but without success.

On 9 February 2021, the creditors of LNGL resolved to place LNGL into liquidation, and all the remaining assets of LNGL including the Bear Head LNG project, which is situated in Nova Scotia, Canada, will be used to pay the creditors in full for their claims before its shareholders can receive any distribution. As the investment in LNGL is recognized as a financial asset at fair value through profit or loss in the Company’s financial statement, and the book value of the LNGL investment as at 31 March 2021 and 31 March 2020 was zero and HK\$26 million respectively, the liquidation of LNGL caused minimal impact on the financial position and operation of the Company.



## 1.2.4 JUSDA Energy Investment

On 25 September 2018, the Company, through one of its wholly-owned subsidiaries, had 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 and HK\$17,462,200 to JUSDA Energy pursuant to the JV Agreement and the completion of such investment took place on 21 December 2018 and 8 January 2020 respectively. The Company will hold a 39% equity interest upon completion of all capital contribution in JUSDA Energy.

The domestic and overseas projects developed by JUSDA Energy in the early stage have made substantial progress in 2020. For overseas projects, JUSDA Energy utilizes the storage capacity of the idle receiving station of its partners in Japan to complete the first phase of a 15,000-ton LNG tank transshipment project. Benefiting from the low cost of overseas upstream LNG source, JUSDA Energy actively promoted and implemented two phases of transshipment projects. For domestic projects, JUSDA Energy assisted domestic partners in LNG distribution. Under the macro environment of actively promoting natural gas reform in China, and with the strong support from local governments, the renovation project of the shipment terminal for transshipment project was finally approved in 2020 and has now entered into the construction stage. It is expected that renovation will be completed and the domestic transshipment project will be launched in 2021.

In addition, relying on the international market resources accumulated by the Company, JUSDA Energy is also identifying the opportunities in the natural gas market of emerging economies, and will replicate its business model in emerging markets as soon as possible. At the same time, JUSDA Energy is also advancing the development of storage yards and storage resources to support its business in emerging markets.

At that time, JUSDA, as the sole logistics chain management platform under Foxconn Technology Group, has a wide container transportation network and strong bargaining power among the industry, which provides strong support to JUSDA Energy in improving its LNG logistics services and reducing relevant cost. JUSDA Energy will rely on its three transshipment and distribution bases in North China, East China and South China to connect overseas spot LNG sources with the domestic market and emerging markets, and gradually build itself into a leading LNG container operator focusing on transshipment of LNG and supported by the price differential LNG markets and cycles.

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

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>).

## 2. *Investment in mobility services business*

### 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-making power over the activities of Weipin. Weipin is the holding company of the mobility services platform business. For more details of the Company's investment in Weipin, please refer to the voluntary announcement of the Company dated 25 November 2019 published on the website of the Stock Exchange (<http://www.hkexnews.hk>).

To provide the management of Weipin with more flexibility in terms of decision making over its operations, on 21 June 2021, through amicable negotiations, the shareholders of Weipin agreed to enter into an amended shareholders' agreement so as to, among other things, make adjustments to the structure of the board of Weipin, of which the Company agrees to lower its number of designated directors from 3 to 2 directors in the board of Weipin (the “**Adjustment**”). After the Adjustment, the Company no longer has the majority voting right of the board of directors of Weipin, and in turn no longer has the decision-making power over the business activities of Weipin. Under the relevant regulatory requirements and accounting standards, Weipin shall cease to be consolidated into the financial statements of the Company with effect from 21 June 2021. The shareholding percentage held by the Company in Weipin remains unchanged (i.e. 35.5%), and Weipin continues to be an investment portfolio of the Company. For details, please refer to the announcement of the Company dated 21 June 2021.

\* *For identification purposes only*

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 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 traffic 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 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 an order is completed.

Weipin, through the Mobility OPCOs, has been operating in 27 major cities of China, such as Guangzhou, Hangzhou and Chengdu, with a total of approximately 280,000 registered car drivers. Due to the COVID-19 pandemic, the expected revenue and the daily order volume generated from the mobility services have been unable to reach full potential during FY2020. In the second half of 2020, people’s enthusiasm and frequency for travel services have been restored significantly, and the demand for online car-hailing services has continued to grow. As of 31 March 2021, the average daily order volume in FY2020 was 179,597 orders. Weipin’s daily average order volume continues to grow due to its expansion into other cities.

### **3. Investment in advanced manufacturing industry investment fund**

#### **3.1 Advanced Manufacturing Fund Investment**

On 27 March 2021, Giant Charm Investments Limited (a wholly-owned subsidiary of the Company) (“**Giant Charm**”), Fortuna I SP and the partners of Soview International Fund LP (the “**Fund**”) entered into an amended and restated limited partnership agreement (the “**Amended and Restated Limited Partnership Agreement**”) for the admission of Giant Charm and Fortuna I SP as the limited partners into the Fund. Pursuant to the Amended and Restated Limited Partnership Agreement, the general partner of the Fund (the “**General Partner**”) is targeting approximately US\$300 million (equivalent to approximately HK\$2,330.94 million) in capital commitments from all existing and potential limited partners. Currently, Giant Charm and Fortuna I SP, as the limited partners of the Fund, proposed to make capital commitments of US\$105 million (equivalent to approximately HK\$815.83 million) and US\$80 million (equivalent to approximately HK\$621.59 million), respectively. The General Partner proposed to make capital commitments of US\$2 million (equivalent to approximately HK\$15.54 million). As at the date of this announcement, Giant Charm has not yet made any actual payment into the Fund.

The Fund primarily focuses on advanced manufacturing companies and businesses, including but not limited to those engaging in the research, development and application of new, innovative or other state-of-the-art technologies, know-hows, processes, techniques, tools, materials for the development and/or fabrication of oil and gas exploration or production equipment, new energy facilities, semiconductor devices and products. The investment objective of the Fund is to seek to generate long-term capital appreciation through such investments.

The Company owns different investments, currently comprising a portfolio of assets in the energy sector and the mobility service sector around the globe. The Company has evaluated and considered that the application of advanced manufacturing will be a major global development trend. In the latest five-year development plan of the PRC, the development of frontier technologies has become a national policy priority. The advanced manufacturing sector features a wide range of applications across different industries. The sole shareholder of the General Partner has rich experience and credentials in the advanced manufacturing sector. Through the investment in the Fund, and with the additional funding from other limited partners of the Fund, the Company shall be able to leverage on the knowledge and connections of the General Partner to identify and manage promising investment opportunities, while maintaining rights to evaluate and opportunity to co-invest each investment projects of the Fund in accordance with the terms and conditions of the Amended and Restated Limited Partnership Agreement.

For details, please refer to the announcement of the Company dated 28 March 2021.

## 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 (the “**Net Proceeds**”) (after deducting the expenses incurred in the Foxconn Subscription) are approximately HK\$1,483 million.

On 24 June 2020, the Board resolved to change the intended use of unutilized Net Proceeds (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 following table summarizes the intended use of proceeds and the actual use of proceeds as at 31 March 2021.

	<b>Intended use of Net Proceeds as announced on 24 June 2020)</b> <i>HK\$'000</i>	<b>Intended use of Net Proceeds (after the change as announced on 24 June 2020)</b> <i>HK\$'000</i>	<b>Actual use of Net Proceeds as at 31 March 2021</b> <i>HK\$'000</i>	<b>Unutilized Net Proceeds as at 31 March 2021</b> <i>HK\$'000</i>
Investment or acquisition of targets in natural gas industry in China and in North America	1,100,000	900,000	399,000	501,000
Investment in up-stream 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	83,000	–
General working capital	–	200,000	54,000	146,000

As at 31 March 2021, an aggregate amount of HK\$536 million had been utilized pursuant to the revised intended use, and the unutilized net proceeds of HK\$947 million are expected to be utilized in accordance with the revised intended use 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.

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 interest 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.

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.

For details, please refer to "Subsequent Events After the Reporting Period" of the 2020 final results and the announcement of Company dated 24 June 2020 published on the website of the Stock Exchange (<http://www.hkexnews.hk/>).

## **OUTLOOK**

The Company is an investment holding company, principally engaged in the investment and management of different assets and businesses, currently including global energy assets and the mobility services business. The principal activities of its invested portfolio companies (including those which are subsidiaries) 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.

In the first quarter of 2021, Brent's average oil price was US\$55/barrel, and continued its upward trend in the second quarter. Although the spread of the second wave of the COVID-19 epidemic at the beginning of 2021 has affected the speed of oil demand recovery, the firm implementation of OPEC+ production cuts on the supply side and Saudi Arabia's voluntary production cut of 1 million barrels per day offset the impact of the above factors on oil demand. Looking ahead at the remaining period of 2021, the trend of oil price is subject to the speed of demand recovery, the balance between supply and demand through adjustments, and the pace of inventory reduction. Oil demand has recovered to 93 million barrels/day at the end of 2020, and is expected to rebound to 99 million-100 million barrels/day at the end of 2021, subject to the timing and effectiveness of the large-scale COVID-19 vaccination. In response to the slow recovery of demand, while implementing OPEC+'s established production reduction strategy, the supply side is also slowly releasing idle production. The uncertainty lies in the impact from Iran's sanctioned production when it returns to the market and the pace of recovery of shale oil in the United States. As for the inventory aspect, the newly increased inventory of 1.1 billion barrels worldwide affected by the COVID-19 epidemic has dropped to 700 million barrels in January 2021. Based on the estimated supply and demand gap of 1.3 million to 2.3 million barrels/day predicted by different agencies, it is expected that from the fourth quarter of 2021 to the first quarter of 2022, the newly increased inventory will be consumed, and inventory levels will return to their pre-COVID-19 level. However, the oil industry was affected by concerns over the prolonged COVID-19 pandemic in many parts of the world, holding back market recovery. In addition, the global promotion of carbon neutralization is accelerating, which promotes the use of natural gas and other alternative renewable energy and consequently reduces the long-term demand for fossil fuels like crude oil. The future trend of oil prices is not optimistic. Therefore, from the perspective of asset operation, risk control and preparation for extreme events, the Company will consider using hedging instruments for its upstream assets when necessary. Meanwhile, the Company will focus on maintaining liquidity for the assets and attempting various ways to boost future production when oil price gets back to a higher level.

Looking at the LNG market, the gradual recovery of the international economy in 2021 will also drive global LNG demand. Spot prices such as JKM, TTF, and NBP have all risen accordingly. The LNG long-term contracts linked to the Brent oil price has also risen in response to the high international oil price. Although the rapid recovery of the domestic economy and the dual-carbon strategy drove the demand for clean energy, in the traditional slack season of domestic natural gas market, the high cost of LNG will curb some demand. Based on (1) the tight balance between supply and demand due to the uncertainties from projects in production on the supply side and the recovery of global natural gas demand, (2) the demand for replenishment as European inventories fell below the normal level in the first quarter 2021, and (3) the advance storage of LNG by domestic suppliers in preparation for the extreme weather of the winter of 2021, LNG purchase price in 2021 will remain in the high range. Thus, the market players need to use financial tools to hedge against the risk of rising costs. In addition, due to the commencement of operation of the national pipeline network, LNG suppliers, needs to connect with users such as municipal gas companies power plants and tailor gas supply services to meet the needs of such customers. By increasing the volume of gas sold, gas suppliers can effectively mitigate the risks from price fluctuations of LNG.

In addition, the Company has closely engaged in the operation and supervision of the mobility services platform. The mobility services sector in China has experienced challenging situations during the COVID-19 pandemic with daily orders dropped to historic low level. However, the sector has recovered rapidly in the second quarter of 2020 and continued to grow in the following quarters. The daily order in China reached 14,000,000 orders in January 2021. The entire market (including online taxi orders and chauffeuring services) reached over 30 million daily orders in the second half of 2020, and the leading player Didi reached its record high daily orders of 50 million on its peak day. Didi has launched its “0188” three-year strategy, aiming to reach 50 million daily ride-hailing trips in China by 2022, which is in line with our view that the Chinese mobility service market is still underpenetrated. Since the market dynamic has shifted from customer-oriented to driver-oriented, the future growth will be driven by the growth of compliant drivers. Weipin has collaborated with Didi to launch “express saver” product, providing 10%–20% discount to customers and more flexibility to driver’s service requirements. The flexible new product attracted numerous drivers with lower turnover rate than the standard product, and its lower price scheme helped to attract more customers. The Company believes the “express saver” product could reach 3 million to 5 million daily orders by the end of year 2021, representing a market with significant growth potential. To provide the management of Weipin with more flexibility in terms of decision making over its operations, on 21 June 2021, through amicable negotiations, the shareholders of Weipin agreed to enter into an amended shareholders’ agreement so as to, among other things, make adjustments to the structure of the board of Weipin, of which the Company agrees to lower its number of designated directors from 3 to 2 directors in the board of Weipin. After the adjustment, the Company no longer has the majority voting right of the board of directors of Weipin, and in turn no longer has the decision-making power over the business activities of Weipin. Under the relevant regulatory requirements and accounting standards, Weipin shall cease to be consolidated into the financial statements of the Company with effect from 21 June 2021. The shareholding percentage held by the Company in Weipin remains unchanged (i.e. 35.5%), and Weipin continues to be an investment portfolio of the Company. Allowing the directors with more experience in operation of mobility services to have more decision-making power in Weipin’s business and management is conducive to the long-term development of Weipin and will in turn bring more favourable investment return to the Company and its shareholders.

As mentioned in previous section of this announcement, the Company owns different investments, currently comprising a portfolio of assets in the energy sector and the mobility service sector around the globe. The Company has evaluated and considered that the application of advanced manufacturing will be a major global development trend. In the latest five-year development plan of the PRC, the development of frontier technologies has become a national policy priority. On 27 March 2021, Giant Charm, a wholly-owned subsidiary of the Company, entered into an amended and restated limited partnership agreement for its admission as a limited partner into a fund which primarily focuses on the advanced manufacturing sector.

Going forward, the Company’s top priority in 2021 remains managing liquidity at the portfolio company level in anticipation of continued uncertainty, while continuing to pursue the investment strategy with decarbonization and other green asset opportunities which included but not limited to investments in advanced manufacturing sector. Also, the Company shall continue to pay close attention to the market environment and consider potentially exiting its mature investments so as to seize opportunity and realize value.



## FINANCIAL RESULTS REVIEW

### Revenue from sales and services

Revenue from sales and services includes revenue from sales of goods of approximately HK\$90.0 million and revenue from rendering of mobility services of approximately HK\$1,670.5 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\$62.2 million, or 40.9%, from HK\$152.2 million in FY2019 to HK\$90.0 million in FY2020.

The decrease was mainly due to the comprehensive effect of the decrease in crude oil average selling prices and the 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 FY2020 decreased to approximately HK\$344 per barrel as compared to approximately HK\$475 per barrel in FY2019. The average unit selling price of Hongbo Mining's crude oil decreased to approximately HK\$352 per barrel in FY2020 from HK\$475 per barrel in FY2019, which was consistent with the trend of global oil prices, and even slightly better than Brent Crude oil prices since Hongbo Mining had actively negotiated with the buyer and successfully obtained a favorable oil selling price at second quarter of 2020 to guarantee the interests of the Company. On the other hand, Hongbo Mining's net sales volume decreased to 255,618 barrels in FY2020 from 320,224 barrels in FY2019, which was mainly due to active controlling production plan when facing the effect of low oil price market. For further details on the decrease 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 from 15 November 2019 to 21 June 2021. 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. In FY2020, Weipin recorded 65,373,216 orders and a total revenue of HK\$1,670.5 million from the operation of mobility services, with an average revenue per order of HK\$25.6. Compared with FY2019, 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, with an average revenue per order of HK\$30. The significant increase of 62,284,430 orders or approximately 2,016.5% and HK\$1,579.2 million in revenue or approximately 1,729.7% is mainly due to the expansion of new cities covered by Weipin and the great improvement on the containment of the COVID-19 pandemic in China and people's enthusiasm, and frequency for travelling have been restored significantly starting from second half of 2020.

## **Cost of sales and services**

Cost of sales and services includes cost of sales of goods of HK\$79.5 million and cost of rendering of mobility services of HK\$1,686.4 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\$7.4 million, or approximately 8.6%, from HK\$87.0 million in FY2019 to HK\$79.5 million in FY2020. The decrease was consistent with the trend of the crude oil production.

In response to the adverse effects of the COVID-19 pandemic and the imbalanced oil supply and demand in the first quarter of 2020, 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. For further details on the decrease of the production volume, please refer to “Business Review — Hongbo Mining Investment”.

### *(2) Cost of rendering of mobility services*

The cost of rendering of mobility services represents the cost of operating the online ride-hailing services by Weipin, which increased by HK\$1,567.7 million, or approximately 1,320.7%, from HK\$118.7 million in FY2019 to HK\$1,686.4 million in FY2020. The significant increase was consistent with the trend of the revenue of rendering of mobility services, and is primarily attributed to the following factors:

- (i) Earnings to drivers, which is the cumulative payments to the drivers, including driver incentives and referrals, which is the payments distributed to drivers as reward of achieving certain operational targets. which increased by HK\$1,332.0 million, or approximately 1,773.6%, from approximately HK\$75.1 million in FY2019 to HK\$1,407.1 million in FY2020;
- (ii) Amortization of intangible assets, which includes the online ride-hailing license, drivers lists, and business relationship, which increased by HK\$54.0 million, or approximately 173.6%, from approximately HK\$31.1 million in FY2019 to HK\$85.1 million in FY2020;
- (iii) Platforms charges, which is the service fee paid to aggregation traffic platforms, which increased by HK\$124.3 million, or approximately 1,130.0%, from approximately HK\$11.0 million in FY2019 to HK\$135.3 million in FY2020;
- (iv) Referral fees to other driver source providers, which increased by HK\$17.8 million, or approximately 1,186.7%, from approximately HK\$1.5 million in FY2019 to HK\$19.3 million in FY2020; and

- (v) Driver management and carrier liability insurance amounting to approximately HK\$6.7 million, service charge for cash withdrawal amounting to approximately HK\$9.9 million, licence fees for mobility services amounting to approximately HK\$11.3 million, customer service cost amounting to approximately HK\$9.6 million and other costs amounting to approximately HK\$2.1 million.

### **Investment loss**

Investment loss mainly includes the following:

- (i) the fair value loss from the Stonehold investment of HK\$300.4 million. The loss of fair value change from the Stonehold Investment mainly resulted from the slow recovery and uncertainties in the demand for crude oil, which was affected by concerns over the prolonged COVID-19 pandemic in many parts of the world, holding back market recovery. In addition, the global promotion of carbon neutralization is accelerating, which promotes the use of natural gas and other alternative renewable energies and consequently reduces the long-term demand for fossil fuels like crude oil;
- (ii) the net fair value gain from other investments, share of losses of an associate and dividend income of a totaling gain HK\$2.8 million.

### **Administrative expenses**

Administrative expenses increased by HK\$49.0 million, or approximately 58.7%, from HK\$83.5 million in FY2019 to HK\$132.5 million in FY2020. The increase in administrative expenses was primarily due to the consolidation of Weipin since 15 November 2019. Weipin recorded administrative expenses of HK\$13.4 million and HK\$88.1 million in FY2019 and FY2020 respectively, which mainly include the payroll to staffs and services received from third parties.

### **Taxes other than income tax**

Taxes other than income tax decreased by HK\$4.4 million, or approximately 38.7%, from HK\$11.4 million in FY2019 to HK\$7.0 million in FY2020, which was mainly due to the decrease in resources tax levied on the sale of crude oil attributable to the revenue decrease of Hongbo Mining.

### **Exploration expenses, including dry holes**

The exploration expense increased HK\$12.7 million, or approximately 435.8%, from HK\$2.9 million in FY2019 to HK\$15.6 million in FY2020, which was mainly due to three exploration wells in Block 212 that were completed more than one year in previous fiscal years were written off in FY2020. As the three wells could not obtain industrial oil flow due to the current economic and technical conditions, and therefore were deemed to have no industrial production value. The land acquisition compensation and preliminary expenses related to the three wells were transferred to the exploration expenses with the amount of approximately HK\$13.3 million.

## **Net finance income**

The Company and its subsidiaries recorded net finance income of HK\$1.9 million and HK\$5.2 million in FY2019 and FY2020 respectively. The increase of approximately 175.2% was primarily due to the exchange gain in FY2020.

## **Loss before taxation**

Loss before taxation increased by HK\$160.6 million from a loss of HK\$303.8 million in FY2019 to a loss of HK\$464.4 million in FY2020, 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. The Company recorded deferred tax credit of HK\$8.6 million and current tax expense of HK\$1.5 million in FY2019 and deferred tax credit of HK\$28.0 million in FY2020.

The deferred tax credit in FY2020 consists of (1) the reversal of deferred tax liability arising from amortisation of Weipin's intangible assets recognized at the acquisition date of approximately HK\$21.0 million; (2) deferred tax asset arising from the unused tax losses from Weipin of approximately HK\$7.2 million.

## **Loss for the year attributable to equity shareholders of the Company**

Loss for the year attributable to equity shareholders of the Company increased by HK\$109.9 million from a loss of HK\$276.8 million in FY2019 to a loss of HK\$386.7 million in FY2020 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 loss before taxation for the periods indicated.

	<b>Year ended 31 March</b>	
	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation	<b>(464,389)</b>	(303,843)
Add: Interest expenses	<b>6,521</b>	7,409
Add: Depreciation and amortisation	<b>142,896</b>	85,456
<b>EBITDA</b>	<b><u>(314,972)</u></b>	<b><u>(210,978)</u></b>

The EBITDA changed from a loss of HK\$211.0 million in FY2019 to a loss of HK\$315.0 million in FY2020. The aggravation of negative EBITDA is primarily attributable to the following factors:

- (i) The increase of loss of fair value change from the Stonehold Investment, which mainly resulted from the slow recovery and uncertainties in the demand for crude oil, which was affected by concerns over the prolonged COVID-19 pandemic in many parts of the world, holding back market recovery. In addition, the global promotion of carbon neutralization is accelerating, which promotes the use of natural gas and other alternative renewable energy and consequently reduces the long-term demand for fossil fuels like crude oil.
- (ii) the decrease in the revenue of sales of crude oil from Hongbo Mining, which declined by about 41% for FY2020 as compared to FY2019. The decrease in revenue was mainly attributable to Hongbo Mining's active control in its oil production output having considered the low oil price during FY2020; and
- (iii) the loss from Weipin, a subsidiary of the Company from 15 November 2019 to 21 June 2021. This is because Weipin's business is at the early stage of operation, and is unable to reach its full potential due to the adverse effect of COVID-19 pandemic. The Company believes that with stable operation, Weipin's margin cost is expected to decrease, and it gradually generates profit.

## **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 in FY2020:

- **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		Mobility services business		Total	
	Year ended 31 March		Year ended 31 March		Year ended 31 March	
	2021	2020	2021	2020	2021	2020
	<i>(note(b))</i>				<i>(note (b))</i>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from sales and services <i>(Note 1)</i>	<b>90,008</b>	152,219	<b>1,670,507</b>	91,327	<b>1,760,515</b>	243,546
Investment loss	<b>(287,577)</b>	(244,018)	–	–	<b>(297,577)</b>	(244,018)
<b>Reportable segment loss</b> <b>(adjusted EBITDA) (Note 2)</b>	<b>(299,197)</b>	(202,174)	<b>(14,860)</b>	(8,619)	<b>(314,057)</b>	(210,793)
Depreciation and amortisation	<b>(52,672)</b>	(53,259)	<b>(90,224)</b>	(32,197)	<b>(142,896)</b>	(85,456)
Interest income	<b>12,510</b>	21,811	<b>204</b>	42	<b>12,714</b>	21,853
Interest expense	<b>(6,372)</b>	(7,305)	<b>(1,064)</b>	(289)	<b>(7,436)</b>	(7,594)
Impairment losses on trade receivables	–	(1,832)	<b>(13,550)</b>	–	<b>(13,550)</b>	(1,832)
<b>Reportable segment assets</b> <b>(including interest in an associate)</b>	<b>3,022,112</b>	3,413,165	<b>586,058</b>	509,500	<b>3,608,170</b>	3,922,665
	<b>46,597</b>	50,086	–	–	<b>46,597</b>	50,086
Additions to non-current segment assets during the year	<b>1,949</b>	67,817	<b>9,826</b>	3,557	<b>11,775</b>	71,374
<b>Reportable segment liabilities</b>	<b>(260,874)</b>	(351,209)	<b>(205,205)</b>	(47,382)	<b>(466,079)</b>	(398,591)

*Note 1:* 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.

*Note 2:* 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 4(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 Foxconn Subscription. For further details of use of proceeds from the Foxconn Subscription, please refer to “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 2021, the Company and its subsidiaries had unpledged cash and bank deposits of HK\$983.8 million (31 March 2020: HK\$1,114.2 million).

As at 31 March 2021, the Company and its subsidiaries had outstanding loans of HK\$23.7 million (31 March 2020: HK\$77.5 million).

As at 31 March 2021, the Company had Convertible Bond (as defined in the RTO Circular) with carrying amount of approximately HK\$36.1 million (31 March 2020: HK\$50.0 million). The aggregate principal amount of the Convertible Bond is HK\$40.0 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 2021.

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 2021, the gearing ratio (ratio of the sum of total bank and other borrowings, Convertible Bond to the total assets) was approximately 1.7% (31 March 2020: 3.2%).

## **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, interest rate risk and driver management 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.

In FY2020, the Company had not purchased any put options for part of the production of Hongbo Mining. However, Hongbo Mining had actively negotiated with the buyer, and successfully reached a floor oil selling price at second quarter of 2020 to guarantee the interests of its shareholder. As at 31 March 2021, 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.

## **Driver management risk in the mobility services platform**

Maintaining a team of competitive drivers is a key to the success of the mobility services platform. 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.

To continue to retain and attract drivers to Weipin's platform, 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 has indicated to continue to provide more resources and access to larger driver pools in the future.

In addition, Weipin will 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; and (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.



## SIGNIFICANT INVESTMENTS

At 31 March 2021, 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:

	<b>Year ended 31 March 2021</b>	<b>At 31 March 2021</b>		<b>At 31 March 2020</b>
	<b>Investment loss HK\$'000</b>	<b>Fair Value HK\$'000</b>	<b>Approximate percentage to the total assets</b>	<b>Fair Value HK\$'000</b>
Stonehold Investment	<b>300,421</b>	<b>964,430</b>	<b>26.8%</b>	1,264,851

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 in FY2020, please refer to the section “Stonehold investment” in the “Business Review”. Except the Stonehold investment, as at 31 March 2021, 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

In FY2020, 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 2021, Hongbo Mining’s land, buildings, machinery and equipment amounting to approximately HK\$93.5 million had been pledged as the security to secure financing facilities granted to Hongbo Mining (31 March 2020: Nil).

## CONTINGENT LIABILITIES

So far as known to the Directors, as at 31 March 2021, 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.

## CAPITAL COMMITMENTS

As at 31 March 2021, the Company and its subsidiaries had no capital commitment (31 March 2020: HK\$0.5 million) contracted but not provided for the acquisition of property, plant and equipment.

## **DIVIDENDS**

The Directors do not recommend the payment of a final dividend in FY2020 (31 March 2020: 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 FY2020.

## **EMPLOYEES**

As at 31 March 2021, the Company and its subsidiaries had 331 (31 March 2020: 265) employees in Hong Kong and the PRC. In FY2020, the total staff costs (including the directors' emoluments) amounted to HK\$87.5 million (FY2019: HK\$50.8 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 (the "**Audit Committee**") 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 Audit Committee comprises two Independent Non-executive Directors and a Non-executive Director who possess the appropriate business and financial experience and skills to understand financial statements. Mr. Chau Shing Yim David is the chairman of Audit Committee and the other two members of the committee are Mr. Shi Cen and Mr. Lin Dongliang. The Audit Committee has adopted terms of references which are in line with the CG Code. The Audit Committee has reviewed the Company and its subsidiaries' annual results for the year ended 31 March 2021.

## 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 <i>HKD</i>	Lowest price paid <i>HKD</i>	Aggregate consideration paid <i>HKD</i>
March 2020	1,040,000	0.68	0.58	679,952.00
April 2020	<u>776,000</u>	0.89	0.80	<u>655,021.60</u>
Total	<u>1,816,000</u>			<u>1,334,973.60</u>

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares in FY2020.

## 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 FY2020, 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 FY2020, 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 2021 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 2021. 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 FY2020.

## **CHANGE IN INFORMATION OF DIRECTORS**

The changes in certain information of Directors during FY2020 are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. Shong Hugo, a non-executive Director of the Company, resigned as non-executive director of Mei Ah Entertainment Group Ltd., a company listed on the Main Board of Stock Exchange (stock code: 391) with effect from 17 June 2020.

Save as disclosed above, there is no other change in information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD**

### **Deconsolidation of the mobility services business**

As at 31 March 2021, the Company effectively holds 35.5% of the equity share of Weipin, and the Company had the majority voting right of the board of directors with all the decision-making power over the activities of Weipin.

To provide the management of Weipin with more flexibility in terms of decision making over its operations, on 21 June 2021, through amicable negotiations, the shareholders of Weipin agreed to enter into an amended shareholders' agreement so as to, among other things, make adjustments to the structure of the board of Weipin, of which the Company agrees to lower its number of designated directors from 3 to 2 directors in the board of Weipin (the "**Adjustment**"). After the Adjustment, the Company no longer has the majority voting right of the board of directors of Weipin, and in turn no longer has the control over the relevant activities of Weipin. Pursuant to the relevant regulatory requirements and accounting standards, Weipin shall cease to be consolidated into the financial statements of the Company with effect from 21 June 2021. As at the date of this announcement, the shareholding percentage held by the Company in Weipin remains unchanged (i.e. 35.5%), and Weipin continues to be an investment portfolio of the Company. The Company is in the process of evaluating the fair value of the investment held by the Company and the deemed disposal gain or loss of Weipin will be recognized in the year ending 31 March 2022.

### **Impact of COVID-19**

The Coronavirus outbreak ("**COVID-19**") since early 2020 has brought additional uncertainties to the global business environment as well as to the Company.

As far as the Company's businesses are concerned, the COVID-19 has negatively affected the operation, and caused the decrease in the demand for crude oil. Although crude oil price was on the rise recently as a result of the expected gradual recovery in demand, it is very difficult to predict how the situation will turn out in the near future considering the impact of repeated epidemics. As the result, the market is still very fragile.

### **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](http://www.hkexnews.hk) and the Company's website at <http://www.idgenenergyinv.com/>.

The annual report of the Company for the FY2020 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.

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

Hong Kong, 25 June 2021

*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.*