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雲能國際
YUNNAN ENERGY INTERNATIONAL

Yunnan Energy International Co. Limited

雲能國際股份有限公司*

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 1298)

(Singapore Stock Code: T43)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The board (the “Board”) of directors (the “Director(s)”) of Yunnan Energy International Co. Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2021 (“HY2021”) together with the comparative figures for the six months ended 30 June 2020 (“HY2020”) as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Revenue	4	19,314	38,372
Cost of sales		(16,254)	(33,357)
Gross profit		3,060	5,015
Other income		217	388
Selling and distribution expenses		(931)	(2,217)
Administrative expenses		(5,819)	(9,324)
Other expenses, net		(25,432)	–
Finance costs	5	(627)	(935)
LOSS BEFORE TAX	6	(29,532)	(7,073)
Income tax	7	–	–
LOSS FOR THE PERIOD		(29,532)	(7,073)

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
<i>Note</i>	HK\$'000	HK\$'000
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods – Exchange differences:</i>		
On translation of foreign operations	<u>318</u>	<u>(4,674)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF INCOME TAX	<u>318</u>	<u>(4,674)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>(29,214)</u></u>	<u><u>(11,747)</u></u>
Loss for the period attributable to:		
Shareholders of the Company	<u><u>(29,532)</u></u>	<u><u>(7,073)</u></u>
Total comprehensive loss for the period attributable to:		
Shareholders of the Company	<u><u>(29,214)</u></u>	<u><u>(11,747)</u></u>
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY:	9	
Basic and diluted		
For loss for the period	<u><u>(HK10.72 cents)</u></u>	<u><u>(HK2.57 cents)</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,497	1,890
Right-of-use assets		1,109	1,307
Other intangible assets		1,158	1,544
Equity investment at fair value through other comprehensive income		–	2,388
		<hr/>	<hr/>
Total non-current assets		3,764	7,129
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		2,926	21,362
Trade receivables	11	19,364	36,460
Prepayments, deposits and other receivables		105,722	77,265
Income tax recoverable		1,933	110
Cash and bank balances		87,425	115,736
		<hr/>	<hr/>
Total current assets		217,370	250,933
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	12	1,504	6,096
Other payables and accruals		7,150	10,299
Loan from a fellow subsidiary		24,010	23,799
Lease liabilities		307	370
		<hr/>	<hr/>
Total current liabilities		32,971	40,564
		<hr/>	<hr/>

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
NET CURRENT ASSETS	184,399	210,369
TOTAL ASSETS LESS CURRENT LIABILITIES	188,163	217,498
NON-CURRENT LIABILITIES		
Lease liabilities	886	1,007
Total non-current liabilities	886	1,007
Net assets	187,277	216,491
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	107,420	107,420
Reserves	79,857	109,071
Total equity	187,277	216,491

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Yunnan Energy International Co. Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability. The Company’s shares have a primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (“SEHK”) and a secondary listing on the Main Board of Singapore Exchange Securities Trading Limited (“SGX-ST”).

During the period, the Company and its subsidiaries (collectively, the “Group”) were involved in the following principal activities:

- Distribution of branded analytical and laboratory instruments and life science equipment and the provision of related repair and maintenance services (the “Distribution Business”)
- Trading and supply chain business on construction materials and medical devices (the “Supply Chain Business”)

The immediate holding company of the Company is Baodi International Investment Company Ltd. (“Baodi”), which is incorporated in the British Virgin Islands with limited liability, and in the opinion of the directors, the ultimate holding company of the Company is Yunnan Provincial Energy Investment Group Co., Ltd, which is a state-owned enterprise established in the People’s Republic of China (the “PRC”) and is wholly owned by The State-owned Assets Supervision and Administration Commission of the Yunnan Provincial People’s Government of the PRC.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2020.

Application of amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group’s unaudited condensed consolidated financial statements:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The nature and impact of the revised IFRSs are described below:

- a. Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- b. Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendment did not have any impact on the financial position and performance of the Group.

3. OPERATING SEGMENT INFORMATION

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

- (a) the distribution business segment which is engaged in the provision of distribution and after-sales services for different analytical instruments, life science and general laboratory instruments; and
- (b) the supply chain business segment which is engaged in the trading of the construction materials and medical services.

The chief operating decision maker of the Group (“CODM”, identified as the executive directors of the Company and certain senior management) monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit/loss before tax except that interest income, non-lease-related finance costs, as well as head office and corporate expenses are excluded from such measurement.

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

Segment revenue and results

	Distribution Business		Supply Chain Business		Total	
	30 June		30 June		30 June	
	2021	2020	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Segment revenue	<u>1,907</u>	<u>38,372</u>	<u>17,407</u>	<u>–</u>	<u>19,314</u>	<u>38,372</u>
Segment results	<u>(28,495)</u>	<u>(2,078)</u>	<u>2,005</u>	<u>–</u>	<u>(26,490)</u>	<u>(2,078)</u>
Interest income					217	60
Interest expenses					(594)	(842)
Depreciation and amortisation					(978)	(1,337)
Corporate administration costs					<u>(1,687)</u>	<u>(2,876)</u>
Loss before tax					<u><u>(29,532)</u></u>	<u><u>(7,073)</u></u>

Segment assets and liabilities

Segment assets and liabilities information is not disclosed as it is not regularly reviewed by the CODM.

Geographical information

The Group’s revenue from external customers, based on location of customers, is detailed below:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>HK\$’000</i>	<i>HK\$’000</i>
PRC (including Hong Kong and Macau)	<u>1,907</u>	<u>38,372</u>
Asia (other than the PRC)	<u>17,407</u>	<u>–</u>
Total	<u><u>19,314</u></u>	<u><u>38,372</u></u>

No geographical information about the Group's non-current assets is presented as more than 90% of the Group's non-current assets as at the end of each of these periods were located in the PRC (including Hong Kong and Macau).

Information about major customers

During the six months ended 30 June 2021, one single customer from the supply chain business segment contributed 10% or more of the Group's revenue and the revenue derived from the sales to this customer amounted to HK\$17,407,000.

During the six months ended 30 June 2020, two customers from the distribution business segment contributed 10% or more of the Group's revenue and the revenue derived from the sales to these two customers amounted to HK\$16,305,000.

4. REVENUE

An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue from contracts with customers		
Sale of goods	19,314	36,384
Repair and maintenance service income	–	1,988
	<u>19,314</u>	<u>38,372</u>

Note:

Disaggregated revenue information

Sales of goods and repair and maintenance service income for the six months ended 30 June 2021 and 2020 were recognised at the point in time and over time, respectively.

5. FINANCE COSTS

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

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interest on bank loans and bank overdrafts	–	190
Interest on loans from a shareholder	–	652
Interest on loan from a fellow subsidiary	594	–
Interest on lease liabilities	33	93
	<u>627</u>	<u>935</u>

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Cost of inventories sold	16,254	33,357
Depreciation of items of property, plant and equipment	383	232
Depreciation of right-of-use assets	209	717
Amortisation of other intangible assets*	386	388
Lease payments not included in the measurement of lease liabilities	103	–
Employee benefit expense (excluding directors' remuneration):		
Salaries, allowances and benefits in kind	2,382	3,083
Defined contribution scheme contributions	505	563
	<u>2,887</u>	<u>3,646</u>
Foreign exchange differences, net	(5)	1,453
Impairment losses on inventories**	17,993	–
	<u><u>17,993</u></u>	<u><u>–</u></u>

* The amortisation of other intangible assets for the period is included in “Administrative expenses” on the face of the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

** The item is included in “Other expenses, net” on the face of the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

7. INCOME TAX

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

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Current – PRC	–	–
	<u><u>–</u></u>	<u><u>–</u></u>

Notes:

- (a) The income tax expense of the Group is calculated at the respective statutory tax rates prevailing in the relevant jurisdictions.

No provision for Hong Kong Profits Tax and Singapore Corporate Income Tax was made as the Group does not have any assessment profits arising from Hong Kong and Singapore for both periods.

Under the Law of the PRC on Corporate Income Tax (the “PRC Corporate Income Tax Law”) and the Implementation Regulation of the PRC Corporate Income Tax Law, the tax rate applicable to the PRC subsidiaries is 25% (six months ended 30 June 2020: 25%). No provision for income tax in the PRC was made by the PRC subsidiaries.

The subsidiary established in Macau is currently enjoying tax exemption provided by Decree-Law No. 58/99/M (the “Law”). Under the Law, the Macau subsidiary is duly authorised to operate as an offshore institution and is exempted from Macau income tax when the income is generated through the engagement in offshore business that targets only overseas residents as customers and uses only a non-Macau currency in its activities. Accordingly, income tax in Macau was exempted by the Law for the six months ended 30 June 2020. During the reporting period, the Law was revoked with effect from 1 January 2021. No provision for Macau Complementary Tax was made as the Group does not have any assessment profits arising from Macau for the six months ended 30 June 2021.

8. DIVIDENDS

The Board does not recommend or declare any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the period attributable to shareholders of the Company of HK\$29,532,000 (six months ended 30 June 2020: HK\$7,073,000) and the weighted average number of ordinary shares of 275,437,000 (six months ended 30 June 2020: 275,437,000) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for each of the period ended 30 June 2021 and 2020 for a dilution as the Group had no potentially dilutive ordinary shares in issue during these periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$7,000 (six months ended 30 June 2020: HK\$1,580,000) on acquisition of property, plant and equipment. During the period, the Group disposed items of property, plant and equipment with carrying amount of approximately HK\$43,000 (six months ended 30 June 2020: HK\$116,000).

11. TRADE RECEIVABLES

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

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Less than 90 days	15,750	29,045
91 to 120 days	19	109
121 to 365 days	1,150	1,193
1 to 2 years	8	5,408
Over 2 years	2,437	705
	<hr/>	<hr/>
	19,364	36,460
	<hr/> <hr/>	<hr/> <hr/>

12. TRADE PAYABLES

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

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Less than 60 days	1,318	5,782
Over 1 year	186	314
	<hr/>	<hr/>
	1,504	6,096
	<hr/> <hr/>	<hr/> <hr/>

(I) BUSINESS REVIEW

For the six months ended 30 June 2021, the principal activities of the Group are: (1) the provision of distribution and after-sales services for different analytical instruments, including chromatographs, spectrophotometers, electronic microscopes, life science and general laboratory instruments, with specialised and customised hardware and software, to provide solutions and facilitate scientific analysis and testing for a variety of businesses and institutions, including universities, research institutions, companies in the industrial sector and government agencies (the “Distribution Business”); and (2) the trading and supply chain business on the construction materials and medical devices (the “Supply Chain Business”).

Distribution Business

During the period, revenue from the Distribution Business decreased significantly as compared to the previous period as the business was affected by the continuous of novel coronavirus disease (“COVID-19”). Sales personnel had to reduce their sales activities while the clients also delayed or suspended the purchase of relevant equipment in view of the epidemic prevention work.

For the six months ended 30 June 2021 (“HY2021”), the revenue from the Distribution Business decreased by HK\$36.5 million or 95.1% to HK\$1.9 million from HK\$38.4 million for the six months ended 30 June 2020 (“HY2020”), mainly attributable to the drop in orders as a result of the impact of the COVID-19.

Supply Chain Business

The Group has entered into the Supply Chain Business on the construction materials and medical devices in 2020. The revenue from the Supply Chain Business on the construction materials was HK\$17.4 million for HY2021.

The Group’s total revenue decreased by HK\$19.1 million or 49.7% to HK\$19.3 million from HK\$38.4 million for HY2020, mainly attributable to the decrease in revenue from sales of goods.

The Group’s loss for HY2021 increased by 317.5% to HK\$29.5 million from HK\$7.1 million in HY2020 mainly due to (i) the decline in turnover of the Group resulting from the economic and financial impact of the COVID-19 which has been ongoing for approximately 18 months and (ii) the increase in impairment losses on inventories.

(II) FINANCIAL REVIEW

Unaudited Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

Revenue

Revenue in HY2021 decreased by 49.7% to HK\$19.3 million from HK\$38.4 million in HY2020, mainly attributable to the drop in orders in the Distribution Business.

Cost of sales

Cost of sales in HY2021 decreased by 51.3% to HK\$16.3 million from HK\$33.4 million in HY2020. The decrease was attributable to the decline of revenue as well as the decrease in materials costs in the Distribution Business.

Gross profit and gross profit margin

The gross profit in HY2021 decreased by 39.0% to HK\$3.1 million from HK\$5.0 million in HY2020. The gross profit margin in HY2021 was 15.8% compared to 13.1% in HY2020. The gross profit margin increased due to more revenue being above the average gross profit margin in HY2021.

Other income

Other income in HY2021 decreased by 44.1% to HK\$0.2 million from HK\$0.4 million in HY2020. The decrease was mainly due to the absence in gain on modification of a tenancy agreement in HY2021.

Selling and distribution expenses

Selling and distribution expenses in HY2021 decreased by 58.0% to HK\$0.9 million from HK\$2.2 million in HY2020, mainly due to the cost saving in staff costs and the tendering expenses.

Administrative expenses

Administrative expenses in HY2021 decreased by 37.6% to HK\$5.8 million from HK\$9.3 million in HY2020, mainly due to the decrease in staff costs, business trip expenses, foreign exchange differences and depreciation of right-of-use assets.

Other expenses, net

Other expenses in HY2021 was HK\$25.4 million, mainly due to impairment losses on inventories.

Finance costs

Finance costs in HY2021 decreased by 32.9% to HK\$0.6 million from HK\$0.9 million in HY2020, mainly due to the decrease in interest expenses of loan from a shareholder.

Loss for the period

In view of the above, the Group's loss for HY2021 increased by 317.5% to HK\$29.5 million from HK\$7.1 million in HY2020.

Unaudited Condensed Consolidated Statement of Financial Position

Inventories

Inventories decreased by HK\$18.4 million from HK\$21.4 million as at 31 December 2020 to HK\$2.9 million as at 30 June 2021, mainly due to the lower overall level of inventories held to meet the lower demand and the increase in impairment losses on inventories.

Trade receivables

Trade receivables decreased by HK\$17.1 million from HK\$36.5 million as at 31 December 2020 to HK\$19.4 million as at 30 June 2021 due to the decrease in trade receivables which are less than 90 days.

Trade payables

Trade payables decreased by HK\$4.6 million from HK\$6.1 million as at 31 December 2020 to HK\$1.5 million as at 30 June 2021 due to the decrease in trade payables which are less than 60 days.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2021, the Group's net current assets amounted to HK\$184.4 million (31 December 2020: HK\$210.4 million), of which the bank balances and cash were HK\$87.4 million (31 December 2020: HK\$115.7 million). The Group's current ratio was 6.6 (31 December 2020: 6.2).

Loan from a fellow subsidiary as at 30 June 2021 was HK\$24.0 million (31 December 2020: HK\$23.8 million). The Group's loan from a fellow subsidiary was denominated in Renminbi. The Group's gearing ratio stood at 12.8% as at 30 June 2021 (31 December 2020: 11.0%), which is calculated based on the Group's total interest-bearing debts over the total equity. The Group adopts centralised financing and treasury policies in order to ensure that group financing is managed efficiently. The Group also regularly monitors its liquidity requirements, its compliance with lending covenants and its relationship with bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short term and long term.

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

Save for those disclosed in this announcement, there were no significant investments held by the Group as at 30 June 2021, nor were there other material acquisitions and disposals of subsidiaries by the Group during HY2021. Apart from those disclosed in this announcement, there was no other plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

PLEDGE ON ASSETS

The Group did not have any charges on its assets as at 30 June 2021.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Group did not have any material contingent liabilities or capital commitment as at 30 June 2021.

EXPOSURE TO FLUCTUATIONS ON EXCHANGE RATES

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

INTERIM DIVIDEND

The Board did not declare an interim dividend for HY2021 (HY2020: Nil).

CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE RULES ("LISTING RULES") GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED ("SEHK")

There is no other change in the Directors' biographical details which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2020 annual report of the Company up to the date of this announcement.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2021, there were 19 (31 December 2020: 27) employees in the Group. Staff remuneration packages are determined after considering the market conditions and the performance of the individuals concerned, and are subject to review from time to time. In HY2021, the total salary and related cost paid to our employees were approximately HK\$2.9 million. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses and share options to eligible staff based on their performance and contributions to the Group.

(III) PROSPECTS

Since 2021, the continuous recurrence of COVID-19 caused great uncertainty to the Group's business activities. The Group strives to maintain the stable development of the distribution and after-sales services of analytical instruments. Meanwhile, the Group adheres to the principles of stability and risk control, actively expands supply chain and trading business and has made substantial progress. The Group will continue to focus on the distribution and after-sales services of analytical instruments and supply chain business, steadily broaden the business scale and trade area scope, and continue to create stable business income for shareholders; the Group will continue to promote industrial investment, make full use of the business resources of the controlling shareholder and other partners as much as possible, develop businesses in the supply chain, energy and environmental protection fields, realize the benign interaction between industry and finance, and make new efforts to improve the value of all shareholders.

OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS
DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, so far as is known to any Directors or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required (a) to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise to be notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listing Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of HY2021 nor at any time during HY2021 was the Company nor any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except for the Share Option Schemes and the Share Award Scheme.

SHARE OPTION SCHEMES AND SHARE AWARD SCHEME

No share option had been granted, exercised, expired, cancelled or lapsed and there is no outstanding share option under the 2004 Share Option Scheme and the 2011 Share Option Scheme during HY2021.

During HY2021, no share awards had been granted under the Share Award Scheme.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, so far as known to the Directors of the Company, the following persons (other than the Directors whose interests are disclosed in the section headed "Directors' Interests in Shares and Underlying Shares and Debentures" above) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the SEHK under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position in Shares

Name	Capacity and nature of interests	Direct Interest		Deemed Interest	
		Number of Shares held	Approximate percentage of the issued share capital of the Company	Number of Shares held	Approximate percentage of the issued share capital of the Company
Baodi International Investment Company Limited (<i>Note 1</i>)	Beneficial owner	201,196,995	73.05%	-	-
Yunnan Energy Investment (HK) Co. Limited (<i>Note 1</i>)	Interest of controlled corporation	-	-	201,196,995	73.05%
Yunnan Provincial Energy Investment Group Co., Limited (<i>Note 1</i>)	Interest of controlled corporation	-	-	201,196,995	73.05%

Notes:

- 201,196,995 shares are owned by Baodi International Investment Company Limited which is wholly owned by Yunnan Energy Investment (HK) Co. Limited, which in turn is wholly owned by Yunnan Provincial Energy Investment Group Co., Limited. Accordingly, Yunnan Energy Investment (HK) Co. Limited and Yunnan Provincial Energy Investment Group Co., Limited are deemed to be interested in all the Shares held by Baodi International Investment Company Limited.

Save as disclosed above, as at 30 June 2021, the Directors were not aware of any other persons (other than the Directors) who had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the SEHK under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

During HY2021, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities on the SEHK or the Singapore Exchange Securities Trading Limited ("SGX-ST").

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed the unaudited interim results of the Group for HY2021, including the review of the accounting principles and practices adopted by the Group, and has also discussed auditing, risk management and internal control and financial reporting matters. The Audit Committee has no disagreement with the accounting principles, treatments and practices adopted by the Group.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

In the opinion of the Board, the Company has complied with the applicable code provisions of the Hong Kong Code throughout HY2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors.

Having made specific enquiry with all Directors, the Company confirmed that all members of the Board complied with the Model Code during HY2021.

Senior management, executives and staff who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of noncompliance with the Model Code by such employees was noted by the Company during HY2021.

PUBLICATION OF 2021 INTERIM RESULTS AND 2021 INTERIM REPORT

This interim results announcement and the 2021 interim report containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the SEHK, SGX-ST and the Company in due course.

By Order of the Board
Yunnan Energy International Co. Limited
YAN Jiong
Chairman

Hong Kong, 27 August 2021

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

* *For identification purpose only*