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ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED

能源國際投資控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 353)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Energy International Investments Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2021 (the “**Period**”). The unaudited consolidated interim results have not been audited, but have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2021

		(Unaudited)	
		Six months ended	
		30 September	30 June
		2021	2020
	Notes	HK\$'000	HK\$'000
			(Re-presented)
Revenue	4	76,134	63,087
Cost of sales and services rendered		(762)	(826)
Gross profit		75,372	62,261
Interest revenue	5(a)	7,514	1,504
Other income and other losses, net	5(b)	(8,032)	(7,319)
Selling and distribution expenses		(1,849)	(3,991)
Administrative expenses		(19,145)	(14,068)
Loss on early redemption of promissory notes		—	(1,754)
Finance costs	7	(12,822)	(20,898)
Profit before income tax		41,038	15,735
Income tax expenses	8	(12,075)	(12,260)
Profit for the period	9	28,963	3,475

* For identification purpose only

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2021

		(Unaudited)	
		Six months ended	
		30 September	30 June
		2021	2020
		HK\$'000	HK\$'000
		(Re-presented)	
		Notes	
Profit/(loss) attributable to:			
– Owners of the Company		10,879	(12,911)
– Non-controlling interests		18,084	16,386
		<u>28,963</u>	<u>3,475</u>
Earnings/(loss) per share		11	
– Basic (<i>HK cent</i>)		<u>0.15</u>	<u>(0.18)</u>
– Diluted (<i>HK cent</i>)		<u>0.15</u>	<u>(0.18)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	(Unaudited)	
	Six months ended	
	30 September	30 June
	2021	2020
	HK\$'000	HK\$'000
Profit for the period	28,963	3,475
Other comprehensive income/(expenses), net of tax		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of foreign operations	21,441	(18,131)
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Fair value changes of equity instruments at fair value through other comprehensive income	4,058	—
Other comprehensive income/(expenses) for the period, net of tax	25,499	(18,131)
Total comprehensive income/(expenses) for the period	54,462	(14,656)
Attributable to:		
– Owners of the Company	32,975	(28,520)
– Non-controlling interests	21,487	13,864
	54,462	(14,656)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		(Unaudited) 30 September 2021 <i>HK\$'000</i>	(Audited) 31 March 2021 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		1,355	1,715
Right-of-use assets		7,254	6,850
Investment properties	12	1,608,833	1,574,454
Goodwill		–	–
Investment in an associate		–	–
Equity instruments at fair value through other comprehensive income		226,471	222,412
Deposits and other receivables		23,816	27,134
		<u>1,867,729</u>	<u>1,832,565</u>
Current assets			
Inventories		75,798	–
Trade receivables	13	15,900	15,981
Amount due from an associate		–	2,368
Prepayments, deposits and other receivables		162,187	176,529
Loan receivables		127,349	209,844
Financial assets at fair value through profit or loss		14,114	13,166
Cash and bank balances		83,730	13,680
		<u>479,078</u>	<u>431,568</u>
Current liabilities			
Other payables and accruals		176,072	159,470
Bank borrowings		125,723	155,079
Other borrowings		13,142	12,317
Lease liabilities		4,228	3,109
Promissory notes		12,039	12,279
		<u>331,204</u>	<u>342,254</u>
Net current assets		<u>147,874</u>	<u>89,314</u>
Total assets less current liabilities		<u>2,015,603</u>	<u>1,921,879</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	(Unaudited) 30 September 2021 <i>Notes</i> HK\$'000	(Audited) 31 March 2021 <i>HK\$'000</i>
Non-current liabilities		
Amounts due to non-controlling shareholders	126,732	120,541
Bank borrowings	21,697	21,308
Other borrowings	10,303	10,652
Preferred shares	349,566	333,832
Lease liabilities	5,637	6,105
Promissory notes	120,093	117,123
Deferred tax liabilities	161,784	146,989
	<u>795,812</u>	<u>756,550</u>
Net assets	<u>1,219,791</u>	<u>1,165,329</u>
Capital and reserves		
Share capital	720,563	720,563
Reserves	<u>177,209</u>	<u>144,234</u>
Equity attributable to owners of the Company	897,772	864,797
Non-controlling interests	<u>322,019</u>	<u>300,532</u>
Total equity	<u>1,219,791</u>	<u>1,165,329</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL INFORMATION

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

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

- oil and liquefied chemical terminal representing the business of leasing of oil and liquefied chemical terminal, together with its storage and logistics facilities (the "**Port and Storage Facilities**") and trading of oil and liquefied chemical products; and
- insurance brokerage service representing the business of providing insurance brokerage service.

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

These unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars ("**HK\$**"), which is also the functional currency of the Company. All values are rounded to the nearest thousand ("**HK\$'000**") unless otherwise stated. Certain comparative figures have been re-presented to conform to the current period's presentation. The new classification of the accounting items are considered to provide a more appropriate presentation of the state of affairs of the Group and provide more relevant information to reflect the Group's nature of income and expenses.

2. ADOPTION OF NEW OR AMENDED HKFRSs

In the Period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2021. HKFRSs comprise HKFRS; HKAS; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the Period and prior years.

3. BASIS OF PREPARATION

(a) Change of financial year end date

Pursuant to a resolution of the Board dated 30 December 2020, the Company's financial year end date has been changed from 31 December to 31 March. Accordingly, the financial period for fiscal 2021 covered a fifteen months period from 1 January 2020 to 31 March 2021. These unaudited interim results cover a six months period from 1 April 2021 to 30 September 2021 and the comparative figures cover a six months period from 1 January 2020 to 30 June 2020.

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

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

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

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

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

Final decision on the Change of Exploration Right Agreement

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

De-consolidating QHFSMI and IMFSMI

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

4. REVENUE

	(Unaudited)	
	Six months ended	
	30 September	30 June
	2021	2020
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15 at a point of time:		
Agency income from insurance brokerage service	9	9
Agency income from trading of oil and liquefied chemical products	54	–
	63	9
Revenue from other sources:		
Rental income from investment properties	76,071	63,078
Total revenue	76,134	63,087

5. INTEREST REVENUE AND OTHER INCOME AND OTHER LOSSES, NET

(a) Interest revenue

	(Unaudited)	
	Six months ended	
	30 September	30 June
	2021	2020
	HK\$'000	HK\$'000
Bank interest income	14	19
Loan interest income	7,500	1,485
	7,514	1,504

(b) Other income and other losses, net

	(Unaudited)	
	Six months ended	
	30 September	30 June
	2021	2020
	HK\$'000	HK\$'000
		(Re-presented)
Fair value gain/(loss) on financial assets at fair value through profit of loss	907	(6,013)
Fair value loss on preferred shares	(9,613)	–
Rental income from sub-letting of leased assets	140	16
Exchange gain/(loss)	449	(1,607)
Sundry income	85	285
	(8,032)	(7,319)

6. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- the Oil and Liquefied Chemical Terminal segment represents the business of the leasing of the Port and Storage Facilities; and
- the Insurance Brokerage Service segment represents the business of providing insurance brokerage service.

There was no inter-segment sale and transfer during the periods ended 30 September 2021 and 30 June 2020.

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

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

	Oil and Liquefied Chemical Terminal HK\$'000	Insurance Brokerage Service HK\$'000	Total HK\$'000
For the period ended 30 September 2021			
Revenue from external customers	76,125	9	76,134
Segment profit/(loss)	57,275	(200)	57,075
Interest revenue	1,369	–	1,369
Depreciation of property, plant and equipment	(302)	–	(302)
Depreciation of right-of-use assets	(79)	–	(79)
Additions to segment non-current assets	8,447	–	8,447
As at 30 September 2021			
Segment assets	1,848,981	13	1,848,994
Segment liabilities	<u>(955,113)</u>	<u>(2)</u>	<u>(955,115)</u>
For the period ended 30 June 2020			
Revenue from external customers	63,078	9	63,087
Segment profit/(loss)	56,246	(199)	56,047
Interest revenue	8	–	8
Depreciation of property, plant and equipment	(360)	(3)	(363)
Depreciation of right-of-use assets	(316)	(27)	(343)
Additions to segment non-current assets	2,408	–	2,408
As at 31 March 2021			
Segment assets	1,740,184	332	1,740,516
Segment liabilities	<u>(930,271)</u>	<u>(2)</u>	<u>(930,273)</u>

Revenue

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

Profit or loss

	(Unaudited)	
	Six months ended	
	30 September	30 June
	2021	2020
	HK\$'000	HK\$'000
		(Re-presented)
Total profit of reportable segments	57,075	56,047
Finance costs	(12,822)	(20,898)
Unallocated amounts:		
Other corporate income	7,277	227
Other corporate expenses	(10,492)	(19,641)
	<u>41,038</u>	<u>15,735</u>
Consolidated profit before income tax for the period	<u>41,038</u>	<u>15,735</u>

7. FINANCE COSTS

	(Unaudited)	
	Six months ended	
	30 September	30 June
	2021	2020
	HK\$'000	HK\$'000
Imputed interest on convertible bonds	–	498
Interest on bank and other borrowings	5,186	15,544
Interest on promissory notes	3,457	1,704
Interest on amounts due to non-controlling shareholders	3,980	2,845
Interest on lease liabilities	199	307
	<u>12,822</u>	<u>20,898</u>
	<u>12,822</u>	<u>20,898</u>

8. INCOME TAX EXPENSES

	(Unaudited)	
	Six months ended	
	30 September	30 June
	2021	2020
	HK\$'000	HK\$'000
		(Re-presented)
Current tax – PRC		
– Current period	–	–
Deferred tax – PRC		
– Current period	<u>12,075</u>	<u>12,260</u>
Income tax expenses	<u>12,075</u>	<u>12,260</u>

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

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

9. PROFIT FOR THE PERIOD

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

	(Unaudited)	
	Six months ended	
	30 September	30 June
	2021	2020
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	900	963
Depreciation of right-of-use assets	2,865	3,013
Direct operating expenses arising from investment properties that generated rental income	1,849	3,991
Fair value (gain)/loss on financial assets at fair value through profit or loss	(907)	6,013
Exchange loss, net	–	1,607
Expenses related to short-term lease	13	236
Staff costs (including Directors’ emoluments):		
Salaries, bonuses and allowance	8,740	5,450
Retirement benefit scheme contributions	476	189
	<u>9,216</u>	<u>5,639</u>

10. DIVIDENDS

The Board did not recommend any payment of interim dividends during the Period (six months ended 30 June 2020: Nil).

11. EARNINGS/(LOSS) PER SHARE

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

	(Unaudited)	
	Six months ended	
	30 September	30 June
	2021	2020
	HK\$'000	HK\$'000
Profit/(loss) for the period attributable to the owners of the Company for the purpose of basic earnings/(loss) per share	<u>10,879</u>	<u>(12,911)</u>
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<u>7,205,629</u>	<u>7,205,629</u>

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

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the periods ended 30 September 2021 and 30 June 2020.

12. INVESTMENT PROPERTIES

During the Period, the additions to investment properties at cost amounted to approximately HK\$7,678,000. As at 30 September 2021 and 31 March 2021, the entire investment properties were pledged to secure the Group's bank borrowings and lease liabilities.

13. TRADE RECEIVABLES

The Group normally allows trading credit terms ranging of 30 days to its established customers. Each customer has a maximum credit limit. For certain customers with long established relationship and good past repayment history, a longer credit period may be granted. Trade receivables are non-interest bearing. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

	(Unaudited) 30 September 2021 <i>HK\$'000</i>	(Audited) 31 March 2021 <i>HK\$'000</i>
1-90 days	<u>15,900</u>	<u>15,981</u>

At 30 September 2021 and 31 March 2021, there were no trade receivables that were individually determined to be impaired. The Group did not hold any collateral over these balances.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating results

The Group is principally engaged in the leasing of oil and liquefied chemical terminal and insurance brokerage service.

(i) Revenue

For the Period, the Group's record revenue was approximately HK\$76 million (six months ended 30 June 2020: HK\$63 million). The Group's revenue is mainly contributed from the rental income of the Port and Storage Facilities.

(ii) Gross profit

For the Period, the Group's record gross profit was approximately HK\$75 million (six months ended 30 June 2020: HK\$62 million). The Board believes that the stable rental income generated from the leasing of Port and Storage Facilities enables the Group to maintain the gross profit position.

(iii) Profit attributable to the owners of the Company

The Group recorded a profit attributable to the owners of the Company of approximately HK\$11 million for the Period (six months ended 30 June 2020: loss of HK\$13 million), such turnaround from loss to profit is mainly attributable to the profit generated from the oil and liquefied chemical terminal business as a result of its increase in revenue and decrease in finance costs.

Business review

Operation of liquid chemical terminal, storage and logistics facilities business

In 2015, the Group acquired 51% equity interest in Shandong Shundong Port Services Company Limited ("**Shundong Port**"). Shundong Port owns two sea area use rights covering an aggregate area available for land-forming and reclamation construction of approximately 31.59 hectares in Dongying Port, Shandong Province, the PRC and permitting the construction of reclamation and land-forming for use in sea transportation and port facilities for a 50-years' period running from 13 November 2014 to 12 November 2064 and 23 February 2016 to 22 February 2066 respectively. Shundong Port has completed the construction and commenced leasing of its Port and Storage Facilities since 2017 with full commercial operation having been achieved in May 2018. Approximately HK76 million revenue was generated during the Period.

In June 2020, two independent investors (the “**Investors**”) entered into a funding agreement (the “**Funding Agreement**”) with Shundong Port pursuant to which the Investors agreed to provide funding of RMB360 million (approximately HK\$434 million) to Shundong Port by way of non-voting, fixed-interest preferred shares. As at the date hereof, RMB270 million (approximately HK\$325 million) has been drawn down from the Investors pursuant to the Funding Agreement and the remaining sum is agreed to be drawn down. Since the Funding Agreement involves no dilution of the Group’s voting right, profit sharing and return of capital in Shundong Port and the funding provided by the Investors are essentially by way of debt instrument in nature. Shundong Port remains as a subsidiary of the Company and its results continue to be consolidated in the Group’s financial statements.

Financial review

Liquidity, financial resources and capital structure

As at 30 September 2021, the Group had total assets of approximately HK\$2,347 million (31 March 2021: HK\$2,264 million), total liabilities of approximately HK\$1,127 million (31 March 2021: HK\$1,099 million), indicating a gearing ratio of 0.48 (31 March 2021: 0.49) on the basis of total liabilities over total assets. The current ratio of the Group as at 30 September 2021 was 1.45 (31 March 2021: 1.26) on basis of current assets over current liabilities.

Loan receivables amounted to approximately HK\$127 million mainly represented certain funds advanced to an independent third party to finance trading business of petrochemicals which bear fixed return of 10% annually. By the date of this announcement, RMB40 million (approximately HK\$48 million) has been subsequently refunded to the Group.

As at 30 September 2021, the Group had bank and other borrowings of approximately HK\$147 million and HK\$23 million respectively (31 March 2021: HK\$176 million and HK\$23 million respectively). The aggregate bank deposits and cash in hand of the Group were approximately HK\$84 million (31 March 2021: HK\$14 million).

Contingent liabilities

As at 30 September 2021, the Group did not have any significant contingent liabilities.

Capital and other commitments

The Group had capital commitments contracted but not provided for of approximately HK\$59 million as at 30 September 2021 (31 March 2021: HK\$54 million).

Charges on assets

As at 30 September 2021, entire investment properties of approximately HK\$1,609 million (31 March 2021: entire investment properties of approximately HK\$1,574 million and trade receivables from rental income of approximately HK\$16 million) were pledged to secure for the Group's bank borrowings and lease liabilities.

Exchange exposure

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

Employee information

As at 30 September 2021, the Group employed 59 full-time employees (30 June 2020: 28). The Group's emolument policies are formulated on the performance of individual employees and are reviewed annually in line with industry practice. The Group also provides provident fund schemes (as the case may be) to its employees depending on the location of such employees.

Interim dividends

The Board did not recommend the payment of any interim dividend for the Period (six months ended 30 June 2020: Nil).

Future plan and prospects

Operation of liquid chemical terminal, storage and logistics facilities business

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

On 24 October 2016, Shundong Port entered into a lease agreement (the “**Lease Agreement**”) to lease the Port and Storage Facilities to an independent third party (the “**Original Lessee**”). The rent payable by the Original Lessee to Shundong Port for the Port and Storage Facilities under the Lease Agreement before value-added tax is RMB125 million (approximately HK\$151 million) per annum, which shall be payable in twelve equal instalments on monthly basis in advance. The Lease Agreement became effective in May 2018.

In December 2020, the Lease Agreement was terminated such that the Original Lessee was released from the continual performance of the Lease Agreement with effect from 1 January 2021 by the payment of liquidated damages. Shundong Port entered into a new lease agreement (the “**Novated Port Lease Agreement**”) with another independent third party (the “**New Lessee**”) whereby Shundong Port continued to lease the Port and Storage Facilities to the New Lessee with effect from 1 January 2021 and for the remainder of the lease period until 19 May 2023. The gross annual rent (including value-added tax) increased from RMB125 million (approximately HK\$151 million) to RMB140 million (approximately HK\$169 million) with effect from 1 January 2021 until 31 March 2022, and will further increase to RMB150 million (approximately HK\$181 million) with effect from 1 April 2022 until 19 May 2023. For details, please refer to the announcement of the Company dated 30 December 2020.

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

Financial service business

Following the completion of the acquisition of an insurance brokerage entity (as detailed in the Company's announcement dated 7 May 2018), the Group creates an independent business segment in August 2018. In November 2020, the Group entered into a sale and purchase agreement with an independent third party to acquire the entire interest of certain companies (the "**Acquisition**"), including (i) a company licensed to carry on type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**"); and (ii) a company licensed to carry on type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. The application of the Company to become a substantial shareholder of these licensed companies has been conditionally approved by the Securities and Futures Commission. The Acquisition has not been completed up to the date of this announcement.

The Board believes that the Group can benefit from the diversification of its operations into the financial service industry and through better deployment of available resources, can bring values to the Group and the shareholders of the Company (the "**Shareholders**") as a whole.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

APPRECIATION

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

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 July 2021 and will remain suspended until further notice.

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

Hong Kong, 30 November 2021

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