

*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.*



**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)**

**(1) SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO  
THE ANNUAL REPORT 2020/21 AND THE ANNUAL REPORT 2021/22;  
AND  
(2) CLARIFICATION ON THE ANNOUNCEMENT OF  
POLL RESULTS OF EGM**

References are made to: (i) the annual report (the “**Annual Report 2020/21**”) of Energy International Investments Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the fifteen months ended 31 March 2021 (“**FY2020/21**”); (ii) the annual report (the “**Annual Report 2021/22**”) of the Company for the year ended 31 March 2022 (“**FY2021/22**”); and (iii) the announcement of the Company dated 13 September 2022 (the “**Announcement**”). Unless the context otherwise requires, capitalised terms in this announcement shall have the same meanings as defined in the Annual Report 2020/21, the Annual Report 2021/22 and the Announcement.

**(1) SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL  
REPORT 2020/21 AND THE ANNUAL REPORT 2021/22**

As disclosed on pages 8, 53 and 177 of the Annual Report 2020/21, as at 31 March 2021, the Company recorded loan receivables in the amount of approximately HK\$209.8 million (approximately RMB177.3 million) arising from certain funds advanced to independent third parties, mainly to finance trading business of petrochemicals which bear fixed return of 10% per annum. As disclosed on page 177 of the Annual Report 2020/21, approximately HK\$138.0 million (approximately RMB116.6 million) has been recovered by the Group during the subsequent period up to the date of the Annual Report 2020/21. During the fifteen months ended 31 March 2021, the Group recognised an impairment loss on loan receivables in the amount of approximately HK\$7.0 million (approximately RMB6.1 million).

As disclosed on pages 53 and 174 of the Annual Report 2021/22, as at 31 March 2022, the Company recorded loan receivables in the amount of approximately HK\$3.1 million (approximately RMB2.5 million), as the majority of the opening balance has been recovered by the Group during the year. During the year ended 31 March 2022, the Group recognised a reversal of impairment loss on loan receivables in the amount of approximately HK\$7.4 million (approximately RMB6.1 million).

\* For identification purpose only

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide the following additional information in relation to the Company’s material lending transactions during FY2020/21.

## ADDITIONAL INFORMATION FOR FY2020/21

Set out below is an analysis of the loan receivables of the Group as at 31 March 2021:

Debtors	Opening balance as at 1 January 2020 HK\$’000	Advance during the period HK\$’000	Accrued interest HK\$’000	Allowance for credit losses HK\$’000	Repaid amount HK\$’000	Exchange difference HK\$’000	Closing balance as at 31 March 2021 HK\$’000
Party A (Note 1)	–	173,018	8,899	(6,962)	–	7,057	182,012
Party B (Note 2)	34,097	–	–	–	(30,723)	782	4,156
Party C (Note 3)	–	22,758	–	–	–	918	23,676
<b>Total:</b>	<b>34,097</b>	<b>195,776</b>	<b>8,899</b>	<b>(6,962)</b>	<b>(30,723)</b>	<b>8,757</b>	<b>209,844</b>

Notes:

- Party A is a company established in the PRC with limited liability, whose scope of business includes the trading of crude oil and petrochemical products (the “**Petrochemical Products**”). Based on the information provided by Party A to the Group, Party A is an approved supplier of Petrochemical Products to a reputable petrochemical conglomerate (the “**Customer**”). On 29 June 2020, the Group entered into a cooperation framework agreement (the “**Cooperation Framework Agreement**”) with Party A whereby the Group was invited by Party A to jointly source the Petrochemical Products for the supply to the Customer for a period of 18 months (the “**Cooperation Period**”), using Party A’s identity as the Customer’s approved supplier (the “**Petrochemical Sourcing Business**”). At that time, it was contemplated by the Group that the Group will be able to share the profit from the Petrochemical Sourcing Business with the Customer through the cooperation with Party A during the Cooperation Period. To leverage on the pre-existed supplier relationship with the Customer, Party A will be the invoicing entity for each purchase order placed by the Customer. In addition, Party A undertakes to the Group for a guaranteed annualised return rate of 10%. To secure the purchase monies and the Group’s entitlement of profit sharing, Party A procured its affiliated company (“**Party A Guarantor**”) to enter into a guarantee in favour of the Group. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Party A, Party A Guarantor and their ultimate beneficial owners is a third party independent of and not connected with the Company, its connected persons and associates (an “**Independent Third Party**”).

During the course of the audit process subsequent to the period end date of 31 March 2021, Party A refunded RMB96,550,000 (approximately HK\$114,296,000) to the Company and the profit-sharing mechanism was retrospectively clarified to a fixed rate return from Party A to the Group at 10% per annum. On 29 November 2021, the Board resolved to make a reallocation adjustment of the amount due from Party A from “Prepayments, deposits and other receivables” to “Loan receivables”. Further details of this reallocation adjustment were disclosed in Note (vi) on page 8 of the Company’s announcement dated 29 November 2021 in relation to the completion of audit of the Company’s consolidated financial statements for FY2020/21.

2. Party B is a company established in the PRC with limited liability, whose scope of business includes port, cargo, container, warehousing and logistic services. Based on the information provided by Party B to the Group, it was an affiliated entity of Guangdong Huaye (as referred to in the Company's announcement dated 19 November 2018) and in the process of acquiring a port in Fujian Province (the "**Fujian Port Project**"). As disclosed in the said announcement, the Group entered into a memorandum of understanding (the "**Fujian MOU**") with Guangdong Huaye on 19 November 2018. In furtherance of the Fujian MOU, the Group advanced RMB32 million (approximately HK\$36.5 million) (the "**Party B Receivable**") to Party B by way of earnest money to secure the Fujian Port Project. To secure the repayment obligations of the Party B Receivable, the two ultimate beneficial owners of Party B (the "**Party B Guarantors**") entered into a guarantee in favour of the Group. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Party B and its ultimate beneficial owners (i.e., the Party B Guarantors) is an Independent Third Party. The Group is principally engaged in port and storage facilities related business, and was given to understand by Party B at the relevant time that subject to the successful acquisition of the Fujian Port Project by Party B, the Group will be offered the opportunity to co-invest in the Fujian Port Project.

Based on the information provided by Party B, its acquisition of the Fujian Port Project was delayed. Following amicable negotiation with Party B, Party B made a partial repayment to the Group of RMB5 million during the year ended 31 December 2019 and RMB27 million during the fifteen months ended 31 March 2021, leaving behind an outstanding amount of approximately RMB3.5 million (approximately HK\$4.2 million) which remained unpaid as at 31 March 2021.

3. Party C is a company established in the PRC with limited liability, whose scope of business includes cultivation and property leasing. Based on the information provided by Party C to the Group, Party C has secured a contract to develop a plot of land of 400 Chinese mu (equivalent to 266,668 square meters) located in the Warehousing and Logistics Zone of Dongying Port which is planned to be built into a 1.4 million tonnes liquid petrochemical storage facilities (the "**Dongying Port Extension Project**") adjacent to the existing operation center of the Group in Dongying Port. On 13 June 2020, the Group entered into a non-binding memorandum of understanding (the "**Dongying MOU**") with Party C, pursuant to which the Group advanced RMB20 million (approximately HK\$22.8 million) (the "**Party C Receivable**") to Party C by way of earnest money to secure the Dongying Port Extension Project. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Party C and its ultimate beneficial owners is an Independent Third Party. The Group is principally engaged in port and storage facilities related business in Dongying Port, and was given to understand by Party C at the relevant time that subject to the successful project establishment of the Dongying Port Extension Project by Party C, the Group will be offered the opportunity to co-invest in the Dongying Port Extension Project.

## ADDITIONAL INFORMATION FOR FY2021/22

Set out below is an analysis of the loan receivables of the Group as at 31 March 2022:

<b>Debtors</b>	<b>Opening balance as at 1 April 2021 HK\$'000</b>	<b>Accrued interest HK\$'000</b>	<b>Reversal for credit losses HK\$'000</b>	<b>Repaid amount HK\$'000</b>	<b>Exchange difference HK\$'000</b>	<b>Closing balance as at 31 March 2022 HK\$'000</b>
Party A (Note 4)	182,012	7,960	7,418	(201,803)	4,413	–
Party B (Note 5)	4,156	–	–	(1,212)	155	3,099
Party C (Note 6)	23,676	1,455	–	(25,705)	574	–
<b>Total:</b>	<b>209,844</b>	<b>9,415</b>	<b>7,418</b>	<b>(228,720)</b>	<b>5,142</b>	<b>3,099</b>

Notes:

4. The entire amount of the balance (including the guaranteed profit) owed by Party A was fully repaid to the Group during FY2021/22, as a result of which the provision of credit loss previously made on the loan receivable owed by Party A to the Group in FY2020/21 was reversed in FY2021/22.
5. During the year ended 31 March 2022, approximately HK\$1,212,000 was settled by Party B. The Company is still in amicable negotiation with Party B with the view to agreeing on a repayment schedule regarding the outstanding amount.
6. Based on the information provided by Party C, the project establishment of the Dongying Port Extension Project was delayed. Following amicable negotiation with Party C, Party C made a full repayment of Party C Receivable to the Group during the year ended 31 March 2022.

## REASONS FOR THE TRANSACTIONS

The Company is an investment holding company and the principal activities of the Company's subsidiaries include oil and liquefied chemical terminal (together with its storage and logistics facilities) and insurance brokerage services.

For the reasons set out in Note 1 above, the Board is of the view that although the transactions under the Cooperation Framework Agreement with Party A were originally conducted in the Group's ordinary and usual course of business, the nature of the amount due from Party A was subsequently resolved to be changed to loan receivables with effect from 29 November 2021. That having said, the transactions with Party A were always conducted with the view to profit-making, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

For the reasons set out in Notes 2 and 3 above, the Board is of the view that the making of advances of earnest money in relation to Party B Receivable and Party C Receivable were, although not in the Group's ordinary and usual course of business, in line with the Group's business strategies of seeking expansion opportunities of port projects in China, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. In addition, the Group requested its business counterparties to reimburse the Group for the cost of fund in respect of the earnest money if the investment or acquisition opportunities do not materialise in accordance with the project timetables represented by the business counterparties.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Party A, Party B, Party C and their respective ultimate beneficial owners are independent to and not connected with each others.

## **IMPAIRMENT ASSESSMENT FOR LOAN RECEIVABLES**

As disclosed in Note 4(i)(i) to the consolidated financial statements on pages 91 to 97 of the Annual Report 2020/21, the Group adopted the expected credit loss ("ECL") approach in accordance with Hong Kong Financial Reporting Standard 9 Financial Instruments ("HKFRS 9") when considering the impairment loss allowance for its loan receivables. The ECL approach requires that when the credit risk of a financial asset increases significantly, the lifetime value of the financial assets shall be considered.

The ECL of loan receivables were assessed after considering the following factors: (1) gross loan amounts exposed to risks; (2) probability of default over 12 months following the reporting date; and (3) past loss recovery rate of the Company. HKFRS 9 requires that apart from considering the past and current information available, the Group must incorporate forward looking information that is available without undue cost or effort when carrying out the assessment.

The Group uses the following ECL formula to calculate the allowance for ECL on its loan receivables:

Allowance for ECL = gross credit exposure x adjusted probability of default x (1 – recovery rate)

For ECL assessment, the Group's loan receivables are classified as follows:

- (i) Stage 1 (initial recognition) includes loan receivables that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these loan receivables, 12-month ECL are recognised.

- (ii) Stage 2 (significant increase in credit risk) includes loan receivables that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these loan receivables, lifetime ECL are recognised.
- (iii) Stage 3 (credit-impaired) includes loan receivables that have objective evidence of impairment and are considered as credit-impaired financial assets at the reporting date. For these loan receivables, lifetime ECL are recognised.

To ensure the adequacy of allowance for ECL on loan receivables, the Group engaged an independent firm of professional valuers to conduct a valuation on the allowance for ECL on loan receivables which are considered to be significant in value as compared to the overall size of the Company's financial position.

During FY2020/21, all the three receivables due from Party A, Party B and Party C were classified as Stage 1 (initial recognition). During FY2021/22, the receivables due from Party A and Party C were fully repaid. As at 31 March 2022, the outstanding balance owed by Party B was approximately HK\$3,099,000, which was guaranteed by Party B Guarantors. As the Group was still following up on the investment opportunity under the Fujian MOU and the outstanding amount was not only fortified by guarantee but also insignificant in value, it remains in Stage 1 (initial recognition) as at 31 March 2022 and no impairment loss was made in FY2021/22.

## **GENERAL**

The additional information contained in this announcement does not affect other information contained in the Annual Report 2020/21 and the Annual Report 2021/22, and the other contents of the two Annual Reports remain unchanged.

## **(2) CLARIFICATION ON THE ANNOUNCEMENT OF POLL RESULTS OF EGM**

The Company would like to clarify that there is an inadvertent clerical error in the description of the special resolution numbered 3 of the EGM (“**EGM Special Resolution No. 3**”) on page 3 of the Chinese version of the Announcement. The correct description of EGM Special Resolution No. 3 should be “3. 批准股本重組”.

The corresponding disclosure in the English version of the Announcement is correct.

Save as stated above, all other information in the Chinese and English versions of the Announcement remains unchanged.

*For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at the exchange rates of HK\$1.00 = RMB0.8788 (for figures during FY2020/21), HK\$1.00 = RMB0.8447 (for figures as at 31 March 2021), HK\$1.00 = RMB0.8247 (for figures during FY2021/22) and HK\$1.00 = RMB0.8102 (for figures as at 31 March 2022), respectively, for illustration purposes only. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.*

By order of the Board  
**Energy International Investments Holdings Limited**  
**Cao Sheng**  
*Chairman*

Hong Kong, 11 October 2022

*As at the date of this announcement, the executive Directors are Mr. Cao Sheng (Chairman), Mr. Liu Yong (Chief Executive Officer), Mr. Chan Wai Cheung Admiral, Mr. Lan Yongqiang and Mr. Shi Jun; and the independent non-executive Directors are Mr. Tang Qingbin, Mr. Wang Jinghua and Mr. Fung Nam Shan.*