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EIH

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)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2023

The board (the "**Board**") of directors (the "**Directors**") of Energy International Investments Holdings Limited (the "**Company**") set forth below the consolidated annual results (the "**Annual Results**") of the Company and its subsidiaries (together referred to as the "**Group**") for the year ended 31 March 2023 together with comparative figures for the year ended 31 March 2022.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2023

	Notes	**2023** ***HK$'000***	2022 *HK$'000*
Revenue	4	**366,770**	520,579
Cost of sales and service rendered		**(204,489)**	(355,566)
Gross profit		**162,281**	165,013
Interest revenue	5(a)	**3,983**	8,957
Other income and other gains/(losses), net	5(b)	**(31,479)**	(29,264)
Selling and distribution expenses		**(9,403)**	(14,657)
Administrative expenses		**(33,704)**	(39,725)
Fair value gain on investment properties		**12,964**	8,986
Net gain on derecognition of financial assets and liabilities		**63,010**	–
Gain on disposal of subsidiaries		**1,955**	–
Finance costs	7	**(16,455)**	(25,531)

* *For identification purpose only*

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Profit before income tax		**153,152**	73,779
Income tax expenses	8	**(26,889)**	(31,843)
Profit for the year	9	**126,263**	41,936
Profit attributable to:			
Owners of the Company		**89,308**	12,762
Non-controlling interests		**36,955**	29,174
		126,263	41,936
			(Restated)
Earnings per share	11		
– Basic and diluted *(HK cents per share)*		**12.39**	1.77

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2023

	2023	2022
	HK$'000	*HK$'000*
Profit for the year	**126,263**	41,936
Other comprehensive (expenses)/income, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating of financial statements of foreign operations	**(86,357)**	51,162
Reclassification of cumulative exchange reserve upon disposal of subsidiaries	**(685)**	–
Item that will not be reclassified to profit or loss:		
Fair value changes of equity instruments at fair value through other comprehensive income	**(6,104)**	(18,522)
Other comprehensive (expenses)/income for the year, net of tax	**(93,146)**	32,640
Total comprehensive income for the year	**33,117**	74,576
Total comprehensive income attributable to:		
Owners of the Company	**12,506**	37,192
Non-controlling interests	**20,611**	37,384
	33,117	74,576

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**5,652**	1,002
Right-of-use assets		**1,033**	8,556
Investment properties	12	**1,565,499**	1,666,170
Goodwill		**–**	–
Investment in an associate		**–**	–
Equity instruments at fair value through other comprehensive income		**–**	203,890
Deposits and other receivables		**–**	104,279
		1,572,184	1,983,897
Current assets			
Trade, bills and lease receivables	13	**190,338**	156,869
Prepayments, deposits and other receivables		**140,250**	126,778
Loan receivable		**–**	3,099
Financial assets at fair value through profit or loss		**12,937**	20,712
Cash and bank balances		**83,092**	57,915
		426,617	365,373
Current liabilities			
Trade and other payables	14	**54,764**	76,503
Bank borrowings		**154,265**	276,461
Other borrowings		**–**	1,828
Lease liabilities		**1,160**	4,496
Promissory notes		**5,138**	137,269
Tax payables		**3,858**	4,167
		219,185	500,724
Net current assets/(liabilities)		**207,432**	(135,351)
Total assets less current liabilities		**1,779,616**	1,848,546

	2023	2022
	HK$'000	*HK$'000*
Non-current liabilities		
Bank borrowings	**20,569**	22,216
Other borrowings	**10,652**	10,652
Preferred shares	**378,234**	387,539
Lease liabilities	**2,133**	6,777
Deferred tax liabilities	**194,889**	181,494
	606,477	608,678
Net assets	**1,173,139**	1,239,868
Capital and reserves		
Share capital	**7,206**	720,563
Reserves	**861,908**	181,385
Equity attributable to owners of the Company	**869,114**	901,948
Non-controlling interests	**304,025**	337,920
Total equity	**1,173,139**	1,239,868

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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 year, the principal activities of the Group include:

– Oil and liquefied chemical terminal (the "**Oil and Liquefied Chemical Terminal**") representing the businesses of leasing of oil and liquefied chemical terminal, together with its storage and logistics facilities (the "**Port and Storage Facilities**"), and provision of agency services and trading of oil and liquefied chemical products; and

– Insurance brokerage service (the "**Insurance Brokerage Service**") representing the business of providing insurance brokerage service.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

These financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("**HK$'000**") unless otherwise stated.

2. APPLICATION OF AMENDMENTS TO HKFRSS

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these consolidated financial statements for the current accounting period:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Provision, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. BASIS OF PREPARATION

Significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements have been prepared under historical cost convention, except for investment properties, equity instruments at fair value through other comprehensive income, financial assets at fair value through profit or loss (the "**FVTPL**"), preferred shares and conditional promissory notes, which are measured at fair value.

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 de-consolidating 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 this announcement 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 People's Republic of China (the "**PRC**"). In 2010, the Board 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 acknowledgment, 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 advice 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 de-consolidated since 2010.

4. REVENUE

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15 at a point in time:		
Disaggregated by major products or service lines		
– Agency income from insurance brokerage service	**13**	11
– Agency income from trading of oil and liquefied chemical products	**8,062**	3,091
– Sale of oil and liquefied chemical products	**201,223**	361,187
	209,298	364,289
Revenue from other sources:		
Rental income from investment properties	**157,472**	156,290
Total revenue	**366,770**	520,579
Geographical markets:		
– the PRC	**366,757**	520,568
– Hong Kong	**13**	11
	366,770	520,579

5. INTEREST REVENUE AND OTHER INCOME AND OTHER GAINS/(LOSSES), NET

(a) Interest revenue

	2023	2022
	HK$'000	*HK$'000*
Bank interest income	**82**	102
Loan interest income	**52**	8,855
Other interest income	**3,849**	–
	3,983	8,957

(b) Other income and other gains/(losses), net

	2023	2022
	HK$'000	*HK$'000*
Exchange (loss)/gain, net	**(2,218)**	407
Fair value (loss)/gain on financial assets at FVTPL	**(7,753)**	7,973
Fair value loss on preferred shares	**(19,453)**	(38,800)
Impairment loss under expected credit loss model on trade receivables, net	**(3,911)**	(8,632)
Reversal of impairment loss under expected credit loss model on deposit, other receivables and loan receivables, net	**1,789**	1,325
Fair value loss on promissory notes	**(524)**	(3,236)
Rental income from sub-letting of leased assets	**52**	164
Government grants	**216**	–
Service income	**–**	1,760
Sundry income	**234**	253
Written back of provision for expenses	**–**	9,522
Gain on lease modification	**89**	–
	(31,479)	(29,264)

6. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical delineation. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the Directors, 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 businesses of the leasing of the Port and Storage Facilities located in Shandong Province, the PRC and owned by Shandong Shundong Port Services Company Limited ("**Shundong Port**"), an indirect non-wholly owned subsidiary of the Company, and provision of agency services and trading of oil and liquefied chemical products; and

– the Insurance Brokerage Service segment represents the business of providing insurance brokerage service in Hong Kong.

Customers from the Oil and Liquefied Chemical Terminal segment are located in the PRC (place of domicile) whereas customers from the 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 year ended 31 March 2023			
Revenue from external customers	366,757	13	366,770
Reportable segment profit/(loss)	125,268	(520)	124,748
Interest revenue	78	–	78
Depreciation of property, plant and equipment	(481)	–	(481)
Fair value gain of investment properties	12,964	–	12,964
Fair value loss on preferred shares	(19,453)	–	(19,453)
Interest expense on:			
– bank and other borrowings	(13,554)	–	(13,554)
– lease liabilities	(16)	–	(16)
	(13,570)	–	(13,570)
Impairment loss under expected credit loss model on trade receivables, net	(3,911)	–	(3,911)
Income tax expenses	(26,889)	–	(26,889)
Impairment loss under expected credit loss model on other receivables, net	(334)	–	(334)
As at 31 March 2023			
Segment assets	1,923,232	56	1,923,288
Additions to segment non-current assets during the year	15,159	–	15,159
Segment liabilities	(785,001)	(2)	(785,003)

	Oil and Liquefied Chemical Terminal *HK$'000*	Insurance Brokerage Service *HK$'000*	Total *HK$'000*
For the year ended 31 March 2022			
Revenue from external customers	520,568	11	520,579
Reportable segment profit/(loss)	107,694	(432)	107,262
Interest revenue	1,417	–	1,417
Depreciation of property, plant and equipment	(590)	–	(590)
Depreciation of right-of-use assets	(80)	–	(80)
Fair value gain of investment properties	8,986	–	8,986
Fair value loss on preferred shares	(38,800)	–	(38,800)
Interest expense on:			
– bank and other borrowings	(8,909)	–	(8,909)
– amounts due to non-controlling shareholders	(8,400)	–	(8,400)
– lease liabilities	(7)	–	(7)
	(17,316)	–	(17,316)
Impairment loss under expected credit loss model on trade receivables	(8,632)	–	(8,632)
Income tax expenses	(27,750)	–	(27,750)
Written back of provision for expenses	9,522	–	9,522
As at 31 March 2022			
Segment assets	1,993,478	450	1,993,928
Additions to segment non-current assets during the year	22,828	–	22,828
Segment liabilities	(924,589)	(2)	(924,591)

Reconciliations of reportable segment revenue and profit or loss

Revenue

There was no inter-segment sale and transfer during the years ended 31 March 2023 and 2022.

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 consolidated revenue.

Revenue from major customers:

	2023 ***HK$'000***	2022 *HK$'000*
Customer A (derived from the Oil and Liquefied Chemical Terminal segment)	**157,472**	156,290
Customer B (derived from the Oil and Liquefied Chemical Terminal segment)	**–**	355,404
Customer C (derived from the Oil and Liquefied Chemical Terminal segment)	**135,077**	–
Customer D (derived from the Oil and Liquefied Chemical Terminal segment)	**66,146**	–
	358,695	511,694

7. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**14,270**	9,731
Interest on promissory notes	**1,877**	6,902
Interest on amounts due to non-controlling shareholders	**–**	8,400
Interest on lease liabilities	**308**	498
Interest expense on financial liabilities not at FVTPL	**16,455**	25,531

8. INCOME TAX EXPENSES

	2023	2022
	HK$'000	*HK$'000*
Current tax		
– PRC Enterprise Income Tax ("**EIT**")	**–**	4,093
Deferred tax – PRC		
– Current year	**26,889**	27,750
Income tax expenses	**26,889**	31,843

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the years ended 31 March 2023 and 2022.

Pursuant to rules and regulations of the Cayman Islands, the British Virgin Islands ("**BVI**") and Independent State of Samoa ("**Samoa**"), the Group is not subject to any income tax in the Cayman Islands, BVI and Samoa.

Under the EIT Law of the PRC (the "**EIT Law**") and Regulation Implementation of the EIT Law, the tax rate of the PRC subsidiaries of the Group is 25% for the years ended 31 March 2023 and 2022.

Pursuant to the EIT Law and other related regulations, non-PRC resident enterprises are levied withholding tax at 10%, 6% and various tax rate (unless reduced by tax treaties/arrangements) respectively on interest receivable from PRC enterprises for income earned since 1 January 2008. The Group has adopted withholding tax rate of 10%, 6% and various tax rate on corporate income tax, value-added tax and other taxes for PRC withholding tax purpose during the years ended 31 March 2023 and 2022.

9. PROFIT FOR THE YEAR

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

	2023	2022
	HK$'000	*HK$'000*
Auditor's remuneration	**1,000**	1,000
Carrying amount of inventories sold	**200,779**	353,328
Depreciation of property, plant and equipment	**498**	1,398
Depreciation of right-of-use assets	**3,485**	4,982
Gross rental income from investment properties	**(157,472)**	(156,290)
Direct operating expenses arising from investment properties that generated rental income	**2,137**	3,540
Expenses relating to short-term leases	**–**	334
Staff costs (including Directors' emoluments):		
Salaries, bonuses and allowance	**12,563**	16,353
Retirement benefit scheme contributions	**504**	930
	13,067	17,283

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2023, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

11. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the following profit attributable to the owners of the Company and weighted average number of ordinary shares outstanding.

Earnings

	2023	2022
	HK$'000	*HK$'000*
Profit for the year attributable to the owners of the Company	**89,308**	12,762

Number of shares	***'000***	*'000*
		(Restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share *(Note)*	**720,563**	720,563

Note: The weighted average number of ordinary shares for the year ended 31 March 2022 has been restated to reflect the effect of the share consolidation with effect from 15 September 2022.

(b) **Diluted earnings per share**

Diluted earnings per share for the years ended 31 March 2023 and 2022 are the same as the basic earnings per share, as the Company has no potential dilutive ordinary shares.

12. INVESTMENT PROPERTIES

	2023	2022
	HK$'000	*HK$'000*
Fair value		
At beginning of year	**1,666,170**	1,574,454
Additions	**9,922**	15,264
Fair value adjustment	**12,964**	8,986
Exchange adjustment	**(123,557)**	67,466
At end of year	**1,565,499**	1,666,170

The investment properties held by the Group represents the Port and Storage Facilities located in Shandong Province, the PRC.

13. TRADE, BILLS AND LEASE RECEIVABLES

As at the end of the reporting period, the ageing analysis of trade, bills and lease receivables based on the invoice date and net of loss allowance, is as follow:

	2023	2022
	HK$'000	*HK$'000*
0 – 90 days	**164,538**	104,078
91 – 180 days	**25,605**	52,791
181 – 365 days	**195**	–
	190,338	156,869

At 31 March 2023 and 2022, the Group did not hold any collateral over these balances.

14. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of nil (2022: HK$12,773,000) and an aged analysis based on the invoice date at the end of the reporting period, is as follows:

	2023	2022
	HK$'000	*HK$'000*
0 – 90 days	**–**	12,773

15. EVENT AFTER REPORTING DATE

On 28 April 2023, the Company entered into a subscription agreement with a company (the "**Subscriber**"), pursuant to which the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 360,000,000 ordinary shares of the Company at the subscription price of HK$0.416 per subscription share for a total consideration of approximately HK$149.8 million in cash. The Subscriber is legally and beneficially owned as to 50% by Mr. Cao Sheng and 20% by Mr. Liu Yong, who are the executive Directors. Consequently, the above mentioned subscription constitutes a connected party transaction to the Company under Chapter 14A of the Listing Rules.

The subscription shares will be allotted and issued under the specific mandate to be obtained from the independent shareholders at the extraordinary general meeting of the Company while such extraordinary general meeting is yet to hold up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating results

The Group is principally engaged in the leasing of the Port and Storage Facilities, and provision of agency services and trading of oil and liquefied chemical products, and insurance brokerage service.

(i) Revenue

During the year, the Group's record revenue was approximately HK$367 million (2022: HK$521 million). The Group's revenue is mainly contributed from the rental income of the Port and Storage Facilities of approximately HK$157 million (2022: HK$156 million) and provision of agency services and trading of oil and liquefied chemical products of approximately HK$209 million (2022: HK$364 million) in aggregate.

(ii) Gross profit

During the year, the Group's record gross profit was approximately HK$162 million (2022: HK$165 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) Net gain on the derecognition of financial assets and liabilities

In late 2019, the Group completed its acquisition of Ever Rosy Ventures Limited ("**Ever Rosy**"), through which the Group held 28% effective interest of Tai'an Wanyue Real Estate Company Limited ("**Tai'an Wanyue**"), which is engaged in a real estate property project situated at Daiyue District, Tai'an City, Shandong Province, the PRC (the "**Acquisition**"). The Group classified such investment as equity instruments at fair value through other comprehensive income upon completion.

After completion, the financial and operational performance of Tai'an Wanyue was under-performed as compared to the Group's expectation, as the property project experienced construction delay due to the outbreak of COVID-19 pandemic. In September 2021, the Group commenced legal action in the High Court of Hong Kong against (*inter alia*) the vendor (the "**Litigation**") of the Acquisition (the "**Vendor**") to apply for (*inter alia*) an Order to have the acquisition agreement set aside and any consideration already paid to be fully refunded.

On 17 June 2022, the Vendor surrendered the promissory notes in the aggregate face value of RMB110,500,000 to the Group for cancellation, thereby reducing the consideration of the Acquisition. Further details of the Litigation and the adjustment of consideration were set out in the Company's announcement dated 17 June 2022.

On 24 June 2022, the Group, the Vendor and Ever Roxy agreed on the settlement proposal of the Litigation (the "**Settlement Proposal**") on non-admission of liabilities basis and in full and final settlement of all claims under the proceedings of the Litigation. Further details of the Settlement Proposal were set out in the Company's announcement dated 24 June 2022.

As a results of the implementation of the Settlement Proposal, the Group derecognised the equity instruments at fair value through other comprehensive income and the promissory notes and recorded a net gain of approximately HK$63 million.

(iv) Profit for the Year

The Group recorded a profit for the year of approximately HK$126 million (2022: HK$42 million), such increase was mainly attributable to the net gain on the derecognition of financial assets and liabilities of approximately HK$63 million as mentioned above and the decrease in fair value loss on preferred shares of approximately HK$19 million.

Business review

Operation of liquid chemical terminal, storage and logistics facilities business

In 2015, the Group acquired 51% equity interest in Shundong Port, which 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 landforming 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 HK$157 million rental income was generated during the year.

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 to Shundong Port by way of non-voting, fixed-interest preferred shares. As at the date of this announcement, RMB270 million has been drawn down from the Investors pursuant to the Funding Agreement and the remaining sum has yet 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.

In June 2022, the Group further acquired RMB18,958,403 of the registered capital of Shundong Port, representing 8.50% of the voting right and right to profit-based variable dividend, at a consideration of RMB86,000,000. The acquisition was completed in July 2022 and the Group's equity holding of Shundong Port has been increased from 46.67% to 55.17%.

Financial review

Liquidity, financial resources and capital structure

As at 31 March 2023, the Group had total assets of approximately HK$1,999 million (2022: HK$2,349 million), total liabilities of approximately HK$826 million (2022: HK$1,109 million), indicating a gearing ratio of 0.41 (2022: 0.47) on the basis of total liabilities over total assets. The current ratio of the Group as at 31 March 2023 was 1.95 (2022: 0.73) on basis of current assets over current liabilities.

As at 31 March 2023, the Group had bank and other borrowings of approximately HK$175 million and HK$11 million respectively (2022: HK$299 million and HK$12 million respectively). The aggregate bank deposits and cash in hand of the Group were approximately HK$83 million (2022: HK$58 million).

Contingent liabilities

As at 31 March 2023, 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$113 million as at 31 March 2023 (2022: HK$51 million).

Charges on assets

As at 31 March 2023, the entire investment properties of approximately HK$1,565 million (2022: HK$1,666 million) were pledged for the Group's bank borrowings.

Exchange exposure

The Group mainly operates in Hong Kong and the 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 reporting period. However, management will monitor foreign currency exposure and will consider hedging significant foreign currency exposure if necessary.

Employee information

As at 31 March 2023, the Group employed 58 full-time employees (2022: 71). 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.

Dividends

The Board did not recommend the payment of any dividend for the year (2022: 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, 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 including value-added tax is RMB125 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 a liquidated damages. In this regards, Shundong Port entered into a new lease agreement (the "**Novated Port Lease Agreement**") with another independent third party (the "**Present Operator**") whereby Shundong Port continued to lease the Port and Storage Facilities to the Present Operator 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) has increased from RMB125 million to RMB140 million with effect from 1 January 2021 until 31 March 2022, and shall further increase to RMB150 million with effect from 1 April 2022 until 19 May 2023. Details was disclosed in the announcement of the Company dated 30 December 2020.

Upon the expiry of the Novated Port Lease Agreement, the Company expects to re-possess and self-operate at least part of the Port and Storage Facilities. As affected by the lockdown measures and COVID-19, the recruitment and training of the Group's own specialist team was delayed in 2022, as a result of which the Group has not yet obtained all necessary licenses for the self-operation of part of the Port and Storage Facilities before the expiry of the Novated Port Lease Agreement. To ensure the undisrupted services of the end customers of the Port and Storage Facilities, Shundong Port entered into a short-term lease agreement (the "**Short-term Lease Agreement**") with the Present Operator on 18 May 2023, pursuant to which Shundong Port agreed to continue to lease the whole Port and Storage Facilities to the Present Operator up to 31 July 2023 at a monthly rent of RMB12.5 million. Upon the expiry of the Short-term Lease Agreement, the Company expects to re-possess and self-operate at least part of the Port and Storage Facilities. Leveraging on the ample experience of the Group's specialist team, and barring the unforeseen circumstances, the Company anticipates that the Port and Storage Facilities will continue to contribute significant income to the Group whether through leasing or self-operation.

In June 2023, one of the key management of Shundong Port has obtained the Certificate of Qualification on Safety Production Knowledge and Management Capability issued by Ministry of Emergency Management of the PRC in order to fulfill the regulatory requirement for the self-operation of certain gas tanks in the Group's Port and Storage Facilities. Further, since June 2023, the Group has been in negotiation with the Present Operator with the view to entering into a five-year contract in relation to the leasing of the Port and Storage Facilities (with the exception of 14 gas tanks which are proposed to be repossessed by the Group). Although the Present Operator is also prepared to take up the lease for the entire Port and Storage Facilities, it was the Group who insisted on the re-possession of 14 gas tanks out of 56 gas, refined oil and petrochemical tanks comprising the Port and Storage Facilities to maximise its profits, due to the Company's confidence on being able to secure market rental through self-operation which is estimated to be higher than the rental obtainable through leasing to the Present Operator. Based on the present status of negotiation, the Group is confident to be able to conclude the contract with the Present Operator in July 2023.

Insurance brokerage business

Following the completion of the acquisition of an insurance brokerage entity, the Group creates an independent business segment in August 2018. 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.

SHARE CONSOLIDATION, SHARE PREMIUM REDUCTION AND CAPITAL REORGANISATION

On 29 July 2022, the Board proposed that (amongst others):

(i) every ten (10) issued and unissued existing shares of the Company of par value HK$0.10 each in the share capital of the Company would be consolidated into one (1) consolidated share of par value HK$1.00 each in the share capital of the Company (the "**Share Consolidation**");

(ii) the reduction of the share premium account of the Company to nil and to apply such amount towards offsetting the accumulated losses of the Company as at the effective date of the Share Consolidation (the "**Share Premium Reduction**"); and

(iii) the capital reorganisation of the Company (the "**Capital Reorganisation**"), comprising (1) the reduction of the issued share capital of the Company by (a) eliminating any fraction of a Consolidated Share in the issued share capital of the Company arising from the Share Consolidation in order to round down the total number of Consolidated Shares to a whole number and (b) cancelling the paid-up capital of the Company to the extent of HK$0.99 on each of the then issued Consolidated Shares such that the par value of each issued share of the Company will be reduced from HK$1.00 to HK$0.01; and (2) sub-division of each of the authorised but unissued Consolidated Shares of HK$1.00 each into one hundred unissued new shares of HK$0.01 each.

The Share Consolidation, Share Premium Reduction and Capital Reorganisation were approved by the Shareholders at the extraordinary general meeting of the Company on 13 September 2022. The Share Consolidation and Share Premium Reduction became effective on 15 September 2022 and the Capital Reorganisation became effective on 19 December 2022. Immediately after the Capital Reorganisation becoming effective, the authorised share capital of the Company became HK$1,500,000,000 divided into 150,000,000,000 shares of par value HK$0.01 each, of which 720,562,890 shares are in issue which are fully paid or credited as fully paid. For details of the Share Consolidation, Share Premium Reduction and Capital Reorganisation, please refer to the Company's announcements dated 29 July 2022, 13 September 2022, 10 November 2022 and 19 December 2022 and the Company's circular dated 15 August 2022.

CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

Subsequent the end of the reporting period, the Company and the Subscriber, namely Cosmic Shine International Limited, a company incorporated in the BVI and legally and beneficially owned as to 50% by Mr. Cao Sheng and 20% by Mr. Liu Yong, who are the executive Directors, entered into a subscription agreement on 28 April 2023, pursuant to which the Subscriber conditionally agreed to subscribe for 360,000,000 ordinary shares of the Company at the subscription price of HK$0.416 per share ("**Subscription Share**") for a total consideration of approximately HK$149.8 million in cash; and the Company has conditionally agreed to allot and issue the Subscription Shares to the Subscriber under the specific mandate and the whitewash waiver (the "**Subscription**").

Details of the Subscription were set out in the Company's announcements dated 28 April 2023, 9 May 2023, 16 May 2023, 16 June 2023 and 21 June 2023.

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 year.

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 Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") by adopting the code provisions of the CG Code.

During the year, 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 code provision C.1.6 of the CG Code.

Under code provision C.1.6 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Wang Jinghua, the independent non-executive Director, was unable to attend the annual general meeting and extraordinary general meeting of the Company held on 13 September 2022 respectively due to his other prior engagement.

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 year.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the terms of reference are in line with 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.

REVIEW OF ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement have been agreed by the Company's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Crowe (HK) CPA Limited on the preliminary results announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (http://www.hkex.com.hk) and of the Company (http://website.energyintinv.wisdomir.com). The annual report of the Company for the year ended 31 March 2023, containing all the information required by the Listing Rules, is expected to be dispatched to the Shareholders and published on the above websites in or around end of July 2023.

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

Hong Kong, 30 June 2023

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, Mr. Shi Jun and Mr. Luo Yingnan; and the independent non-executive Directors are Mr. Tang Qingbin, Mr. Wang Jinghua and Mr. Fung Nam Shan.