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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 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Energy International Investments Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2024 (the “**Period**”). The unaudited condensed 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 2024

		(Unaudited)	
		Six months ended	
		30 September	
		2024	2023
	Notes	HK\$'000	HK\$'000
			(Restated)
Continuing operations			
Revenue	4	73,638	156,099
Cost of sales and services rendered		<u>(5,710)</u>	<u>(79,790)</u>
Gross profit		67,928	76,309
Interest revenue	5(a)	4,438	1,500
Other income and other gains/(losses), net	5(b)	(10,052)	(9,488)
Selling and distribution expenses		(2,939)	(743)
Administrative expenses		(15,180)	(18,807)
Finance costs	7	(3,569)	(4,643)
Share of results of associates		<u>7,315</u>	<u>–</u>
Profit before income tax		47,941	44,128
Income tax expenses	8	<u>(11,277)</u>	<u>(10,867)</u>
Profit for the period from continuing operations	9	<u>36,664</u>	<u>33,261</u>

* For identification purpose only

		(Unaudited)	
		Six months ended	
		30 September	
		2024	2023
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
			(Restated)
<i>Discontinued operation</i>			
Loss for the period from discontinued operation	11	–	(252)
Profit for the period		36,664	33,009
Profit/(loss) attributable to owners of the Company:			
– Continuing operations		20,881	18,676
– Discontinued operation		–	(252)
		20,881	18,424
Profit attributable to non-controlling interests:			
– Continuing operations		15,783	14,585
– Discontinued operation		–	–
		15,783	14,585
		36,664	33,009
Earnings/(loss) per share			
Basic and diluted (<i>HK cents per share</i>)	12		
– Continuing operations		1.93	2.38
– Discontinued operation		–	(0.03)
		1.93	2.35

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	(Unaudited)	
	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)
Profit for the period	36,664	33,009
Other comprehensive income/(expenses), net of tax		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of foreign operations	27,099	(71,859)
Total comprehensive income/(expenses) for the period	63,763	(38,850)
Total comprehensive income/(expenses) attributable to owners of the Company:		
– Continuing operations	42,640	(40,967)
– Discontinued operation	–	(252)
	42,640	(41,219)
Total comprehensive income attributable to non-controlling interests:		
– Continuing operations	21,123	2,369
– Discontinued operation	–	–
	21,123	2,369
	63,763	(38,850)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

		(Unaudited) 30 September 2024	(Audited) 31 March 2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		39,105	5,623
Right-of-use assets		2,396	3,703
Investment properties	13	1,543,054	1,507,397
Interests in associates	14	223,850	–
		<u>1,808,405</u>	<u>1,516,723</u>
Current assets			
Trade and lease receivables	15	12,840	39,887
Prepayments, deposits and other receivables		7,086	6,706
Financial assets at fair value through profit or loss		8,614	10,630
Cash and cash equivalents		360,801	590,722
		<u>389,341</u>	<u>647,945</u>
Current liabilities			
Other payables		36,855	39,668
Bank borrowings		19,935	160,269
Lease liabilities		2,576	2,727
Tax payables		3,739	3,656
		<u>63,105</u>	<u>206,320</u>
Net current assets		<u>326,236</u>	<u>441,625</u>
Total assets less current liabilities		<u>2,134,641</u>	<u>1,958,348</u>

	(Unaudited)	(Audited)
	30 September	31 March
	2024	2024
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Other payable	10,631	10,396
Preferred shares	397,593	379,015
Lease liabilities	1,964	3,060
Promissory notes	78,482	–
Deferred tax liabilities	228,145	211,814
	<u>716,815</u>	<u>604,285</u>
Net assets	<u>1,417,826</u>	<u>1,354,063</u>
Capital and reserves		
Share capital	10,806	10,806
Reserves	1,049,185	1,006,545
	<u>1,059,991</u>	<u>1,017,351</u>
Equity attributable to owners of the Company		
Non-controlling interests	<u>357,835</u>	<u>336,712</u>
Total equity	<u>1,417,826</u>	<u>1,354,063</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2024

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 are the business 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 (the "**Oil and Liquefied Chemical Terminal**").

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 have been prepared in accordance with the same accounting policies adopted in the 2023/24 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024/25 annual financial statements due to the amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA which came into effect during the Period. Details of any changes in the amendments to the HKFRSs which came into effect during the Period are set out below.

The preparation of unaudited condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These unaudited condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023/24 annual financial statements. The unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with the HKFRSs issued by the HKICPA and should be read in conjunction with the Group's 2023/24 annual consolidated financial statements.

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.

2. APPLICATION OF AMENDMENTS TO HKFRSs

In the Period, the Group has adopted all the amendments to HKFRSs, for the first time, which are mandatorily effective for the annual periods beginning or after 1 April 2024 for the preparation of the Group's condensed consolidated interim financial statements. The application of the amendments to HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's condensed consolidated interim financial statements and amounts reported for the Period and prior years.

3. BASIS OF PREPARATION

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 acknowledgments, 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 (the “**Mine**”) at Xiao Hong Shan in Inner Mongolia, the People’s Republic of China (“**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 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 Mine, access to the Mine and neighbouring areas and has no priority in obtaining the mining rights of the 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.

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.

Subsequent development following the obtaining of PRC Court’s final decision

After the obtaining of PRC Court’s final decision, the Group instructed its PRC lawyers to seek the enforce the judgment with the view to regaining its controlling power over QHFSMI and IMFSMI. Further, the Group was previously given to understand by its legal advisers that Yuen Xian Company had obtained the mining licence on the Mine, which had caused complexity to the Group’s enforcement efforts. The Group is taking legal advice from its PRC lawyers in this regard.

After making an overall review of its position in QHFSMI, IMFSMI and the Mine, the Group disposed the holding company of QHFSMI and IMFSMI on 5 November 2024 (Note 16) to limit our loss on this matter. In the opinion of the Directors, the disposal did not result in any further impact on the financial position and operations of the Group, as QHFSMI and IMFSMI had already been deconsolidated since 2010.

4. REVENUE

	(Unaudited)	
	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)
<i>Continuing operations</i>		
Revenue from contracts with customers within the scope of HKFRS 15 at a point in time		
Disaggregated by major products or service lines		
– Sale of oil and liquefied chemical products	–	78,520
Revenue from other sources		
Rental income from oil and liquefied chemical terminal	<u>73,638</u>	<u>77,579</u>
Total revenue from continuing operations	<u>73,638</u>	<u>156,099</u>
<i>Discontinued operation</i>		
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 (<i>Note 11</i>)	–	11
	<u>73,638</u>	<u>156,110</u>
Geographical markets:		
– the PRC	73,638	156,099
– Hong Kong	–	11
	<u>73,638</u>	<u>156,110</u>

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

(a) Interest revenue

	(Unaudited)	
	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Continuing operations</i>		
Bank interest income	3,799	723
Other interest income	639	777
	<u>4,438</u>	<u>1,500</u>

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

	(Unaudited)	
	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Continuing operations</i>		
Exchange loss, net	–	(1,380)
Fair value loss on financial assets at fair value through profit or loss, net	(2,016)	(1,918)
Fair value loss on preferred shares	(9,758)	(9,897)
Reversal of impairment loss under expected credit loss model on trade and lease receivables, net	1,848	–
Reversal of impairment loss under expected credit loss model on deposits and other receivables, net	–	3,559
Rental income from sub-letting of leased assets	24	24
Loss on disposal of property, plant and equipment	(150)	–
Sundry income	–	124
	<u>(10,052)</u>	<u>(9,488)</u>

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 segment has been aggregated to form the following reportable segments.

Continuing operations

- the Oil and Liquefied Chemical Terminal segment represents the business of the leasing of the Port and Storage Facilities located in Shandong Province, the PRC, and provision of agency services and trading of oil and liquefied chemical products; and

Discontinued operation

- the insurance brokerage service segment represents the business of providing insurance brokerage service (the “**Insurance Brokerage Service**”) in Hong Kong. This segment was discontinued on 12 October 2023. Details are explained in note 11.

Customers from Oil and Liquefied Chemical Terminal segment are located in the PRC (place of domicile) 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:

	Continuing operations	Discontinued operation	
	Oil and Liquefied Chemical Terminal HK\$'000	Insurance Brokerage Service HK\$'000	Total HK\$'000
For the six months ended 30 September 2024			
(unaudited)			
Revenue from external customers	73,638	–	73,638
Reportable segment profit	54,058	–	54,058
Interest revenue	4,436	–	4,436
Depreciation of property, plant and equipment	(749)	–	(749)
Fair value loss on preferred shares	(9,758)	–	(9,758)
Reversal of impairment loss under expected credit loss model on trade and lease receivables, net	1,848	–	1,848
<i>Amounts not included in the measure of segment results but regularly reported to Directors:</i>			
Interest expense on bank and other borrowings	(3,481)	–	(3,481)
Income tax expenses	(11,277)	–	(11,277)
As at 30 September 2024 (unaudited)			
Segment assets	1,955,326	–	1,955,326
Additions to segment non-current assets during the period	35,488	–	35,488
Segment liabilities	(685,839)	–	(685,839)
For the six months ended 30 September 2023			
(unaudited)			
Revenue from external customers	156,099	11	156,110
Reportable segment profit/(loss)	55,121	(252)	54,869
Interest revenue	721	–	721
Depreciation of property, plant and equipment	(789)	–	(789)
Fair value loss on preferred shares	(9,897)	–	(9,897)
<i>Amounts not included in the measure of segment results but regularly reported to Directors:</i>			
Interest expense on bank and other borrowings	(4,175)	–	(4,175)
Income tax expenses	(10,867)	–	(10,867)
As at 31 March 2024 (audited)			
Segment assets	2,118,778	–	2,118,778
Additions to segment non-current assets during the year	14,176	–	14,176
Segment liabilities	(793,288)	–	(793,288)

Reconciliations of reportable segment revenue and profit or loss:

Revenue

There was no inter-segment sale and transfer during the six months ended 30 September 2024 and 2023.

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.

Profit or loss

	(Unaudited) Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000 (Restated)
Total profit of reportable segments	54,058	54,869
Finance costs	(3,569)	(4,643)
Other unallocated corporate income/(expenses):		
– Interest revenue	2	779
– Administrative expenses	(7,873)	(7,414)
– Reversal of impairment loss under expected credit loss model on deposit and other receivables	–	3,559
– Fair value loss on financial assets at fair value through profit or loss, net	(2,016)	(1,918)
Other corporate income less other corporate expenses	24	(1,356)
Share of results of associates	7,315	–
	<hr/>	<hr/>
Consolidated profit before income tax for the period	47,941	43,876
Loss before income tax from discontinued operation (<i>Note 11</i>)	–	252
	<hr/>	<hr/>
Consolidated profit before income tax for the period from continuing operations	47,941	44,128

7. FINANCE COSTS

	(Unaudited) Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
<i>Continuing operations</i>		
Interest on bank and other borrowings	3,481	4,526
Interest on promissory notes	–	84
Interest on lease liabilities	88	33
	<hr/>	<hr/>
Interest expense on financial liabilities not at fair value through profit or loss	3,569	4,643

8. INCOME TAX EXPENSES

	(Unaudited) Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
<i>Continuing operations</i>		
Current tax		
– PRC Enterprise Income Tax (“EIT”)	–	–
Deferred tax – PRC		
– Current period	<u>11,277</u>	<u>10,867</u>
Income tax expenses	<u><u>11,277</u></u>	<u><u>10,867</u></u>

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for both periods.

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

9. PROFIT FOR THE PERIOD

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

	(Unaudited) Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000 (Restated)
<i>Continuing operations</i>		
Carrying amount of inventories sold	–	77,888
Depreciation of property, plant and equipment	897	798
Depreciation of right-of-use assets	1,307	1,251
Gross rental income from investment properties	(73,638)	(77,579)
Direct operating expenses arising from investment properties that generated rental income	7,235	1,388
Loss on disposal of property, plant and equipment	150	–
Share of results of associates	(7,315)	–
Staff costs (including Directors’ emoluments):		
– Salaries, bonuses and allowance	<u>7,618</u>	<u>7,394</u>
– Retirement benefit scheme contributions	<u>452</u>	<u>478</u>
	<u><u>8,070</u></u>	<u><u>7,872</u></u>
<i>Discontinued operation</i>		
Staff costs		
– Salaries, bonuses and allowances	<u>–</u>	<u>240</u>
– Retirement benefit scheme contributions	<u>–</u>	<u>9</u>
	<u><u>–</u></u>	<u><u>249</u></u>

10. DIVIDENDS

The Board did not recommend any payment of interim dividends during the Period (six months ended 30 September 2023: Nil).

11. DISCONTINUED OPERATION

On 9 October 2023, the Group entered into the sale and purchase agreement with the independent third party (the “**Purchaser**”), pursuant to which the Purchaser has conditionally agreed to acquire and the Group has conditionally agreed to sell the entire issued shares of iECO Financial Consulting Limited (“**iECO Financial**”) at a total consideration of HK\$1,162,000 (the “**Disposal**”). iECO Financial is principally engaged in the provision of Insurance Brokerage Service in Hong Kong.

The Disposal was completed on 12 October 2023. The Disposal constitutes a discontinued operation under HKFRS 5, Non-current Assets Held for Sale and Discontinued Operations, as the provision of Insurance Brokerage Service represented one of the reportable segments of the Group.

Financial information for the period ended 30 September 2023 from the discontinued operation is set out below. The comparative figures in the condensed consolidated statement of profit or loss have been restated to show Insurance Brokerage Service segment as discontinued operation.

	For the six months ended 30 September 2023 (Unaudited) <i>HK\$'000</i>
Revenue (<i>Note 4</i>)	11
Administrative expenses	(263)
	<hr/>
Loss before income tax	(252)
Income tax expenses	–
	<hr/>
Loss for the period from discontinued operation	(252)

12. EARNINGS/(LOSS) PER SHARE

The calculations of basic earnings/(loss) per share is based on the following profit/(loss) attributable to owners of the Company and weighted average number of ordinary shares outstanding:

	(Unaudited)	
	Six months ended	
	30 September	
	2024	2023
Earnings/(loss)	HK\$'000	HK\$'000 (Restated)
Profit/(loss) for the period attributable to the owners of the Company		
– Continuing operations	20,881	18,676
– Discontinued operation	–	(252)
	<hr/>	<hr/>
	20,881	18,424
	<hr/> <hr/>	<hr/> <hr/>
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	1,080,563	783,514
	<hr/> <hr/>	<hr/> <hr/>

Diluted earnings/(loss) per share for the six months ended 30 September 2024 and 2023 were the same as the basic earnings/(loss) per share, as the Company has no potential dilutive ordinary shares.

13. INVESTMENT PROPERTIES

During the Period, the additions to investment properties at cost amounted to approximately HK\$1,384,000 (six months ended 30 September 2023: HK\$2,415,000). As at 31 March 2024, the entire investment properties were pledged to secure the Group's bank borrowings.

14. INTERESTS IN ASSOCIATES

	(Unaudited) 30 September 2024 <i>HK\$'000</i>	(Audited) 31 March 2024 <i>HK\$'000</i>
Unlisted equity interests	<u>223,850</u>	<u>–</u>

On 17 June 2024, the Company acquired a 28% look-through effective interest in a company incorporated in the PRC with limited liability which is principally engaged in the provision of credit assessment, fund matching and technical services for financial institutions, for a consideration of RMB200,000,000 satisfied as to RMB120,000,000 in cash and RMB80,000,000 by the issue of three tranches of promissory notes which shall vest upon the satisfaction of the profit guarantees during three profit measurement periods.

Further details of the acquisition were set out in the Company's announcements dated 17 June 2024 and 29 August 2024.

15. TRADE AND LEASE RECEIVABLES

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

	(Unaudited) 30 September 2024 <i>HK\$'000</i>	(Audited) 31 March 2024 <i>HK\$'000</i>
0 – 90 days	12,688	31,187
91 – 180 days	–	8,551
181 – 365 days	–	–
Over 365 days	<u>152</u>	<u>149</u>
	<u>12,840</u>	<u>39,887</u>

As at 30 September 2024 and 31 March 2024, the Group did not hold any collateral over these balances.

16. EVENT AFTER REPORTING DATE

Subsequent to the Period, the Group entered into a sale and purchase agreement with an independent third party to the Group (the "**Purchaser**"), pursuant to which the Group had conditionally agreed to sell, and the Purchaser had conditionally agreed to purchase, the entire equity interest of Smooth Way International Limited, a wholly-owned subsidiary of the Group, and its subsidiaries, for a consideration of HK\$100,000, which was arrived at following arm's length negotiation with the Purchaser. The disposal was completed on 5 November 2024.

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.

(i) *Revenue*

For the Period, the Group's record revenue from continuing operations was approximately HK\$74 million (six months ended 30 September 2023: HK\$156 million). The Group's revenue is mainly contributed from the rental income generated from the leasing of the Port and Storage Facilities of approximately HK\$74 million (six months ended 30 September 2023: HK\$78 million). There was no revenue from the provision of agency services and trading of oil and liquefied chemical products for the Period (six months ended 30 September 2023: HK\$78 million).

(ii) *Gross profit*

For the Period, the Group's record gross profit from continuing operations was approximately HK\$68 million (six months ended 30 September 2023: HK\$76 million). The Board believes that the stable rental income generated from the leasing of the Port and Storage Facilities to different parties enables the Group to maintain the gross profit position.

(iii) *Profit for the Period*

The Group recorded a profit for the Period from continuing operations of approximately HK\$37 million (six months ended 30 September 2023: HK\$33 million), such increase is mainly attributable to the share of results of associates (which were acquired during the Period) of approximately HK\$7 million, which is partially offset by the increase of selling and distribution expenses as a result of the operation of leasing of the Self-operated Gas Tanks (as defined below) to independent third parties.

Business review

Operation of liquid chemical terminal, storage and logistics facilities business

Shandong Shundong Port Services Company Limited (“**Shundong Port**”), a non wholly-owned subsidiary of the Group, 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 HK\$74 million of rental income 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 to Shundong Port by way of non-voting, fixed-interest preferred shares. As at the date hereof, 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. During the Period, the Group owns approximately 55.17% equity holding in Shundong Port.

Financial review

Liquidity, financial resources and capital structure

As at 30 September 2024, the Group had total assets of approximately HK\$2,198 million (31 March 2024: HK\$2,165 million), total liabilities of approximately HK\$780 million (31 March 2024: HK\$811 million), indicating a gearing ratio of 0.35 (31 March 2024: 0.37) on the basis of total liabilities over total assets. The current ratio of the Group as at 30 September 2024 was 6.17 (31 March 2024: 3.14) on the basis of current assets over current liabilities.

As at 30 September 2024, the Group had bank borrowings of approximately HK\$20 million (31 March 2024: HK\$160 million). The aggregate bank deposits and cash in hand of the Group were approximately HK\$361 million (31 March 2024: HK\$591 million).

Contingent liabilities

As at 30 September 2024 and 31 March 2024, the Group did not have any significant contingent liabilities.

Capital commitments

The Group had capital commitments contracted but not provided for of approximately HK\$10 million as at 30 September 2024 (31 March 2024: HK\$9 million).

Charges on assets

As at 30 September 2024, the Group did not have any charges on assets. As at 31 March 2024, the entire investment properties of approximately HK\$1,507 million were pledged to secure for the Group’s bank borrowings.

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 2024, the Group employed 66 full-time employees (31 March 2024: 67). 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 September 2023: 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.

In December 2020, Shundong Port entered into a lease agreement (the “**2020 Lease Agreement**”) with the Present Operator whereby Shundong Port agreed to lease the Port and Storage Facilities to the Present Operator with effect from 1 January 2021 until 19 May 2023.

Upon the expiry of the 2020 Lease Agreement, 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 (including value-added tax).

Upon the expiry of the Short-term Lease Agreement, the Company was well-prepared to re-possess and self-operate part of the Port and Storage Facilities. On 12 July 2023, Shundong Port entered into a new lease agreement (the “**New Lease Agreement**”) with the Present Operator whereby Shundong Port continued to lease the Port and Storage Facilities (with the exception of the 14 gas tanks (the “**Self-operated Gas Tanks**”) which are proposed to be re-possessed and self-operated by the Group) to the Present Operator for the term commencing from 1 August 2023 (i.e. the date immediately after the expiry of the Short-term Lease Agreement) and expiring on 31 July 2028.

On 1 August 2023, Shundong Port commenced the operation of leasing of the Self-operated Gas Tanks to independent third parties.

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.

Financial service business

On 17 June 2024, the Company acquired a 28% look-through effective interest in a company incorporated in the PRC with limited liability and its subsidiaries (the “**Opcos Group**”) in the PRC, which is principally engaged in the provision of credit assessment, fund matching and technical services for financial institutions, for a consideration of RMB200,000,000 (the “**Acquisition**”). The Directors are of the view that the Acquisition would allow the Group to tap into the rapidly developing credit assessment fintech solutions market in the PRC with an established market position. By pre-agreeing with a dividend policy, the Company can benefit from investment return of the Opcos Group if and when it has accumulated profits and surplus over necessary cash reserve. The Company has struck a balance between the limiting of risk associated with new investment, and the grasping of business opportunity to shift from traditional industries to “new quality productive forces” as promoted by the top leaders of the PRC and for the long-term sustainable development of the Group. Further details of the Acquisition were set out in the Company’s announcements dated 17 June 2024 and 29 August 2024.

CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 28 April 2023, the Company and Cosmic Shine International Limited (the “**Subscriber**”), a company incorporated in the British Virgin Islands 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 (the “**Subscription Agreement**”), 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 Shares**”) 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**”).

All conditions of the Subscription Agreement have been fulfilled and the completion took place on 30 August 2023 in accordance with the terms and conditions of the Subscription Agreement. Upon completion, 360,000,000 Subscription Shares were duly allotted and issued by the Company to the Subscriber at the Subscription Price of HK\$0.416 per Subscription Share under the specific mandate obtained from the independent shareholders at the extraordinary general meeting of the Company held on 18 August 2023.

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, 21 June 2023, 14 July 2023, 21 July 2023, 28 July 2023, 18 August 2023 and 30 August 2023 and circular dated 28 July 2023.

As at 30 September 2024, utilisation of the net proceeds of approximately HK\$146.8 million is as follows:

	Net proceeds	Amount utilised as at 30 September 2024	Amount unutilised as at 30 September 2024
	<i>HK\$’million</i>	<i>HK\$’million</i>	<i>HK\$’million</i>
Repayment of the promissory note	5.2	(5.2)	–
Repayment of the bank loan	141.6	(141.6)	–
	<u>146.8</u>	<u>(146.8)</u>	<u>–</u>

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 C1 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.

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 dispatched to the shareholders of the Company (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 staff for their contribution to the Company.

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

Hong Kong, 29 November 2024

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