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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 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Energy International Investments Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2022 (the “**Period**”). The unaudited consolidated interim results have not been audited, but have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2022

		(Unaudited) Six months ended 30 September	
	<i>Notes</i>	2022 HK\$’000	2021 HK\$’000
Revenue	4	84,037	76,134
Cost of sales and services rendered		<u>(1,835)</u>	<u>(762)</u>
Gross profit		82,202	75,372
Interest revenue	5(a)	1,465	7,514
Other income and other (losses)/gains, net	5(b)	(6,579)	(8,032)
Selling and distribution expenses		(3,030)	(1,849)
Administrative expenses		(13,914)	(19,145)
Net gain on the derecognition of financial assets and liabilities		54,872	–
Finance costs	7	<u>(7,735)</u>	<u>(12,822)</u>
Profit before income tax		107,281	41,038
Income tax expenses	8	<u>(11,961)</u>	<u>(12,075)</u>
Profit for the period	9	<u>95,320</u>	<u>28,963</u>

* For identification purpose only

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2022

		(Unaudited)	
		Six months ended	
		30 September	
		2022	2021
	Notes	HK\$'000	HK\$'000
Profit attributable to:			
Owners of the Company		76,885	10,879
Non-controlling interests		<u>18,435</u>	<u>18,084</u>
		<u>95,320</u>	<u>28,963</u>
			(Restated)
Earnings per share	11		
Basic and diluted (<i>HK cents per share</i>)		<u>10.67</u>	<u>1.51</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	(Unaudited)	
	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	95,320	28,963
Other comprehensive (expenses)/income, 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	(124,563)	21,441
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value changes of equity instruments at fair value through other comprehensive income	<u>—</u>	<u>4,058</u>
Other comprehensive (expenses)/income for the period, net of tax	<u>(124,563)</u>	<u>25,499</u>
Total comprehensive (expenses)/income for the period	<u>(29,243)</u>	<u>54,462</u>
Attributable to:		
Owners of the Company	(25,499)	32,975
Non-controlling interests	<u>(3,744)</u>	<u>21,487</u>
	<u>(29,243)</u>	<u>54,462</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		(Unaudited) 30 September 2022 <i>HK\$'000</i>	(Audited) 31 March 2022 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		719	1,002
Right-of-use assets		6,004	8,556
Investment properties	12	1,493,977	1,666,170
Goodwill		–	–
Investment in an associate		–	–
Equity instruments at fair value through other comprehensive income		–	203,890
Deposits and other receivables		6,588	104,279
		<u>1,507,288</u>	<u>1,983,897</u>
Current assets			
Trade and bills receivables	13	64,360	156,869
Prepayments, deposits and other receivables		344,102	126,778
Loan receivables		2,216	3,099
Financial assets at fair value through profit or loss		18,400	20,712
Cash and bank balances		54,197	57,915
		<u>483,275</u>	<u>365,373</u>
Current liabilities			
Trade and other payables	14	58,190	76,503
Bank borrowings		242,462	276,461
Other borrowings		–	1,828
Lease liabilities		4,174	4,496
Promissory notes		7,558	137,269
Tax payables		3,721	4,167
		<u>316,105</u>	<u>500,724</u>
Net current assets/(liabilities)		<u>167,170</u>	<u>(135,351)</u>
Total assets less current liabilities		<u>1,674,458</u>	<u>1,848,546</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	(Unaudited) 30 September 2022	(Audited) 31 March 2022
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Bank borrowings	19,838	22,216
Other borrowings	10,303	10,652
Preferred shares	355,978	387,539
Lease liabilities	4,285	6,777
Deferred tax liabilities	173,275	181,494
	<u>563,679</u>	<u>608,678</u>
Net assets	<u>1,110,779</u>	<u>1,239,868</u>
Capital and reserves		
Share capital	720,563	720,563
Reserves	110,761	181,385
	<u>831,324</u>	<u>901,948</u>
Equity attributable to owners of the Company	<u>831,324</u>	<u>901,948</u>
Non-controlling interests	<u>279,455</u>	<u>337,920</u>
Total equity	<u>1,110,779</u>	<u>1,239,868</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1. GENERAL INFORMATION

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

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

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

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

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2021/22 annual financial statements, excepted for the accounting policy changes that are expected to be reflected in the 2022/23 annual financial statements.

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 2021/22 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 Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA.

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. ADOPTION 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 2022 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 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 titanium mine, access to the titanium mine and neighbouring areas and has no priority in obtaining the mining rights of the titanium mine.

Final decision on the Change of Exploration Right Agreement

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

De-consolidating QHFSMI and IMFSMI

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

4. REVENUE

	(Unaudited)	
	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15 at a point of time:		
Disaggregated by major products or service lines		
– Agency income from insurance brokerage service	9	9
– Agency income from trading of oil and liquefied chemical products	3,785	54
	3,794	63
Revenue from other sources		
Rental income from investment properties	80,243	76,071
Total revenue	84,037	76,134
Geographical markets		
– the PRC	84,028	76,125
– Hong Kong	9	9
	84,037	76,134

Contracts with customers with unsatisfied performance obligations on the abovementioned revenue, have original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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

(a) Interest revenue

	(Unaudited)	
	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	30	14
Loan interest income	1,435	7,500
	<u>1,465</u>	<u>7,514</u>

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

	(Unaudited)	
	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fair value (loss)/gain on financial assets at fair value through profit or loss	(2,302)	907
Fair value loss on preferred shares	(10,495)	(9,613)
Reversal of impairment loss under expected credit loss model on deposit and other receivables	5,861	–
Loss on disposal of property, plant and equipment	(3)	–
Rental income from sub-letting of leased assets	24	140
Government grants (<i>note</i>)	194	–
Exchange gain, net	–	449
Sundry income	142	85
	<u>(6,579)</u>	<u>(8,032)</u>

Note:

Government grants represent subsidies received in connection with the support from the Anti-epidemic Fund of the Government of Hong Kong Special Administration Region. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all funding on paying wages to the employees.

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.

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

There was no inter-segment sale and transfer during the six months ended 30 September 2022 and 2021.

Customers from Oil and Liquefied Chemical Terminal segment are located in the PRC whereas customers from insurance brokerage service segment are located in Hong Kong. Geographical location of customers is based on the location at which the goods are delivered or the services are provided 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 <i>HK\$'000</i>	Insurance Brokerage Service <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 September 2022 (unaudited)			
Revenue from external customers	84,028	9	84,037
Reportable segment profit/(loss)	63,340	(226)	63,114
Interest revenue	28	–	28
Depreciation of property, plant and equipment	(225)	–	(225)
Depreciation of right-of-use assets	–	–	–
Fair value loss on preferred shares	(10,495)	–	(10,495)
As at 30 September 2022 (unaudited)			
Segment assets	1,852,510	307	1,852,817
Additions to non-current assets during the period	6,551	–	6,551
Segment liabilities	<u>(830,158)</u>	<u>(2)</u>	<u>(830,160)</u>
For the six months ended 30 September 2021 (unaudited)			
Revenue from external customers	76,125	9	76,134
Reportable segment profit/(loss)	57,275	(200)	57,075
Interest revenue	1,369	–	1,369
Depreciation of property, plant and equipment	(302)	–	(302)
Depreciation of right-of-use assets	(79)	–	(79)
Fair value loss on preferred shares	(9,613)	–	(9,613)
As at 31 March 2022 (audited)			
Segment assets	1,993,478	450	1,993,928
Additions to non-current assets during the period	8,447	–	8,447
Segment liabilities	<u>(924,589)</u>	<u>(2)</u>	<u>(924,591)</u>

Revenue

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

Profit or loss

	(Unaudited)	
	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
Total profit of reportable segments	63,114	57,075
Finance costs	(7,735)	(12,822)
Other unallocated corporate income/(expenses):		
– Interest revenue	1,437	6,145
– Administrative expenses	(8,281)	(10,942)
– Fair value (loss)/gain on financial assets at fair value through profit or loss	(2,302)	907
– Reversal of impairment loss under expected credit loss model on deposit and other receivables	5,861	–
Net gain on derecognition of financial assets and liabilities	54,872	–
Other corporate income less other corporate expenses	315	675
	<hr/>	<hr/>
Consolidated profit before income tax for the period	107,281	41,038

7. FINANCE COSTS

	(Unaudited)	
	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
Interest on bank and other borrowings	7,318	5,186
Interest on promissory notes	194	3,457
Interest on amounts due to non-controlling shareholders	–	3,980
Interest on lease liabilities	223	199
	<hr/>	<hr/>
Interest expense on financial liabilities not at fair value through profit or loss	7,735	12,822

8. INCOME TAX EXPENSES

	(Unaudited)	
	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
– Current period	–	–
Deferred tax – PRC		
– Current period	<u>11,961</u>	<u>12,075</u>
Income tax expenses	<u><u>11,961</u></u>	<u><u>12,075</u></u>

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

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

9. PROFIT FOR THE PERIOD

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

	(Unaudited)	
	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	240	900
Depreciation of right-of-use assets	2,191	2,865
Gross rental income from investment properties	(80,243)	(76,071)
Direct operating expenses arising from investment properties that generated rental income	1,203	1,849
Exchange loss/(gain), net	99	(449)
Fair value loss/(gain) on financial assets at fair value through profit or loss	2,302	(907)
Expenses related to short-term leases	–	13
Staff costs (including Directors’ emoluments):		
– Salaries, bonuses and allowance	8,201	8,740
– Retirement benefit scheme contributions	529	476
	<u><u>8,730</u></u>	<u><u>9,216</u></u>

10. DIVIDENDS

The Board did not recommend any payment of interim dividends during the Period (six months ended 30 September 2021: Nil).

11. EARNINGS PER SHARE

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

	(Unaudited)	
	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
Profit for the period attributable to the owners of the Company	<u>76,885</u>	<u>10,879</u>
Number of shares	'000	'000 (Restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>Note</i>)	<u>720,563</u>	<u>720,563</u>

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

Diluted earnings per share for the six months ended 30 September 2022 and 2021 were the same as the basic earnings per share, as the Company has no potential dilutive ordinary shares in existence throughout the two periods.

Note : The weighted average number of ordinary shares for the six months ended 30 September 2021 has been restated to reflect the effect of the share consolidation with effect from 15 September 2022.

12. INVESTMENT PROPERTIES

During the Period, the additions to investment properties at cost amounted to approximately HK\$6,499,000 (six months ended 30 September 2021: HK\$7,678,000). As at 30 September 2022 and 31 March 2022, the entire investment properties were pledged to secure the Group's bank borrowings and lease liabilities.

13. TRADE AND BILL RECEIVABLES

The Group normally allows a credit period up to 90 days to its established customers. Each customer has a maximum credit limit. For certain customers with good past repayment history, a longer credit period may be granted. Trade receivables are non-interest bearing. All of the trade receivables are expected to be recovered within one year.

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

	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
0 - 90 days	28,995	104,078
91 - 180 days	14,926	52,791
181 - 365 days	20,439	–
	64,360	156,869

At 30 September 2022 and 31 March 2022, there was no trade receivable that was individually determined to be impaired. The Group did not hold any collateral over these balances.

14. TRADE AND OTHER PAYABLES

As at 31 March 2022, included in trade and other payables are trade payables of HK\$12,773,000 (30 September 2022: nil). An aged analysis based on the invoice date at the end of the reporting period is as follows:

	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
0 - 90 days	–	12,773

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 on trading of oil and liquefied chemical products and insurance brokerage service.

(i) Revenue

For the Period, the Group's record revenue was approximately HK\$84 million (six months ended 30 September 2021: HK\$76 million). The Group's revenue is mainly contributed from the rental income of the Port and Storage Facilities.

(ii) Gross profit

For the Period, the Group's record gross profit was approximately HK\$82 million (six months ended 30 September 2021: HK\$75 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 Tai'an 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\$55 million.

(iv) Profit attributable to the owners of the Company

The Group recorded a profit attributable to the owners of the Company of approximately HK\$77 million for the Period (six months ended 30 September 2021: HK\$11 million), such increase is mainly attributable to the net gain on the derecognition of financial assets and liabilities of approximately HK\$55 million as mentioned above and the increase in revenue for the Period.

Business review

Operation of liquid chemical terminal, storage and logistics facilities business

In 2015, the Group acquired 51% equity interest in Shandong Shundong Port Services Company Limited (“**Shundong Port**”). Shundong Port owns two sea area use rights covering an aggregate area available for land-forming and reclamation construction of approximately 31.59 hectares in Dongying Port, Shandong Province, the PRC and permitting the construction of reclamation and land-forming for use in sea transportation and port facilities for a 50-years’ period running from 13 November 2014 to 12 November 2064 and 23 February 2016 to 22 February 2066 respectively. Shundong Port has completed the construction and commenced leasing of its Port and Storage Facilities since 2017 with full commercial operation having been achieved in May 2018. Approximately HK\$80 million revenue was generated during the Period.

In June 2020, two independent investors (the “**Investors**”) entered into a funding agreement (the “**Funding Agreement**”) with Shundong Port pursuant to which the Investors agreed to provide funding of RMB360 million 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.

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 (approximately HK\$99,846,000). 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 30 September 2022, the Group had total assets of approximately HK\$1,991 million (31 March 2022: HK\$2,349 million), total liabilities of approximately HK\$880 million (31 March 2022: HK\$1,109 million), indicating a gearing ratio of 0.44 (31 March 2022: 0.47) on the basis of total liabilities over total assets. The current ratio of the Group as at 30 September 2022 was 1.53 (31 March 2022: 0.73) on the basis of current assets over current liabilities.

As at 30 September 2022, the Group had bank and other borrowings of approximately HK\$262 million and HK\$10 million respectively (31 March 2022: HK\$299 million and HK\$12 million respectively). The aggregate bank deposits and cash in hand of the Group were approximately HK\$54 million (31 March 2022: HK\$58 million).

Contingent liabilities

As at 30 September 2022, the Group did not have any significant contingent liabilities.

Capital and other commitments

The Group had capital and other commitments contracted but not provided for of approximately HK\$43 million as at 30 September 2022 (31 March 2022: HK\$51 million).

Charges on assets

As at 30 September 2022, entire investment properties of approximately HK\$1,494 million (31 March 2022: HK\$1,666 million) were pledged to secure for the Group's bank borrowings and lease liabilities.

Exchange exposure

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

Employee information

As at 30 September 2022, the Group employed 62 full-time employees (31 March 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.

Interim dividends

The Board did not recommend the payment of any interim dividend for the Period (six months ended 30 September 2021: Nil).

Future plan and prospects

Operation of liquid chemical terminal, storage and logistics facilities business

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

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

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

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

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 and the Share Consolidation and Share Premium Reduction became effective on 15 September 2022. Immediately after the Share Consolidation becoming effective on 15 September 2022, the authorised share capital of the Company has become HK\$1,500,000,000 divided into 1,500,000,000 consolidated shares of par value HK\$1.00 each, of which 720,562,890 consolidated shares would be in issue which are fully paid or credited as fully paid. The Capital Reorganisation is expected to become effective by December 2022. 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 and 10 November 2022 and the Company’s circular dated 15 August 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

During the Period, the Board has adopted and complied with the code provisions of the CG Code in so far they are applicable with the exception of the deviation from 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 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 Period.

AUDIT COMMITTEE

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

APPRECIATION

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

By order of the Board

Energy International Investments Holdings Limited

Cao Sheng

Chairman

Hong Kong, 28 November 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.