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**EPI** **EPI (Holdings) Limited**  
**長盈集團(控股)有限公司\***  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 689)**

**FINAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Board of Directors (the “**Board**”) of EPI (Holdings) Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2022 together with comparative figures as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2022*

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Revenue</b>	3	<b>45,102</b>	24,496
Sales of petroleum, net of royalties		<b>30,932</b>	1,523
Sales of electricity		<b>6,536</b>	652
Interest income		<b>7,482</b>	22,053
Dividend income		<b>152</b>	268
Purchases, processing and related expenses		<b>(13,952)</b>	(1,067)
Other income and losses, net	5	<b>(8,210)</b>	1,122
Net (loss) gain on financial assets at fair value through profit or loss	6	<b>(1,952)</b>	7,870
(Provision) reversal of expected credit loss on loan and interest receivables		<b>(20,019)</b>	4,356
Provision of expected credit loss on debt instruments at fair value through other comprehensive income		<b>(11,081)</b>	(49,247)
Wages, salaries and other benefits	9	<b>(7,300)</b>	(9,799)
Depreciation	9	<b>(13,130)</b>	(1,666)
Loss on redemption of debt instruments at fair value through other comprehensive income		<b>(453)</b>	–
Other expenses		<b>(14,875)</b>	(7,193)
Gain (loss) on disposal of subsidiaries		<b>159</b>	(397)
Finance costs	7	<b>(1,246)</b>	(101)

\* *For identification purpose only*

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Loss before tax		<b>(46,957)</b>	(31,626)
Income tax credit	8	<b>211</b>	2,255
<b>Loss for the year</b>	9	<b>(46,746)</b>	(29,371)
<b>Other comprehensive (expense) income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net fair value loss on debt instruments at fair value through other comprehensive income		<b>(11,238)</b>	(54,714)
Provision of expected credit loss on debt instruments at fair value through other comprehensive income included in profit or loss		<b>11,081</b>	49,247
Release on redemption of debt instruments at fair value through other comprehensive income		<b>453</b>	–
Reclassification of cumulative translation reserve upon disposal of foreign operations		<b>1,312</b>	340
Exchange differences arising on translation of financial statements of foreign operations		<b>(4,539)</b>	990
<b>Other comprehensive expense for the year, net of income tax</b>		<b>(2,931)</b>	(4,137)
<b>Total comprehensive expense for the year attributable to owners of the Company</b>		<b>(49,677)</b>	(33,508)
<b>Loss per share attributable to owners of the Company</b>			
– Basic	<i>11</i>	<b>HK(0.89) cent</b>	HK(0.56) cent

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>218,781</b>	34,383
Right-of-use assets		<b>2,590</b>	4,200
Deposit paid for decommissioning obligation	<i>13</i>	<b>8,256</b>	–
Prepayment for acquisition of non-current assets	<i>13</i>	<b>6,978</b>	9,874
Debt instruments at fair value through other comprehensive income	<i>14</i>	<b>5,698</b>	30,684
		<hr/>	<hr/>
Total non-current assets		<b>242,303</b>	79,141
<b>Current assets</b>			
Debt instruments at fair value through other comprehensive income	<i>14</i>	<b>28,041</b>	47,712
Inventories		<b>312</b>	–
Loan and interest receivables	<i>15</i>	<b>60,852</b>	115,001
Trade and other receivables and prepayments	<i>13</i>	<b>10,398</b>	1,610
Other tax recoverable		<b>204</b>	732
Income tax recoverable		<b>1,011</b>	171
Financial assets at fair value through profit or loss	<i>16</i>	<b>4,772</b>	6,724
Cash and cash equivalents		<b>85,796</b>	191,824
		<hr/>	<hr/>
Total current assets		<b>191,386</b>	363,774
<b>Current liabilities</b>			
Trade and other payables	<i>17</i>	<b>20,805</b>	11,852
Income tax payable		<b>618</b>	679
Lease liabilities		<b>374</b>	1,574
		<hr/>	<hr/>
Total current liabilities		<b>21,797</b>	14,105
		<hr/>	<hr/>
<b>Net current assets</b>		<b>169,589</b>	349,669
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>411,892</b>	428,810
		<hr/>	<hr/>

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current liabilities</b>		
Lease liabilities	<b>2,351</b>	2,820
Decommissioning obligation	<b>33,228</b>	–
	<hr/>	<hr/>
Total non-current liabilities	<b>35,579</b>	2,820
	<hr/>	<hr/>
<b>Net assets</b>	<b>376,313</b>	425,990
	<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>		
Share capital	<b>52,403</b>	52,403
Reserves	<b>323,910</b>	373,587
	<hr/>	<hr/>
<b>Total equity</b>	<b>376,313</b>	425,990
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Notes:

## 1. Significant accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values at the end of each reporting period.

The consolidated 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) except otherwise indicated.

## 2. Application of amendments to HKFRSs

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the conceptual framework
Amendment to HKFRS 16	Covid-19-related rent concessions beyond 30 June 2021
Amendments to HKAS 16	Property, plant and equipment - proceeds before intended use
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract
Amendments to HKFRSs	Annual improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current year has 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 the consolidated financial statements.

### 3. Revenue

The Group's revenue is arising from petroleum exploration and production, solar energy, money lending and investment in securities businesses.

An analysis of the Group's revenue for the year is as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Sales of petroleum	<b>39,821</b>	1,847
Less: Royalties	<b>(8,889)</b>	(324)
	<hr/>	<hr/>
Sales of petroleum, net of royalties	<b>30,932</b>	1,523
Sales of electricity	<b>6,536</b>	652
Interest income from money lending business*	<b>3,877</b>	13,182
Interest income from debt instruments at fair value through other comprehensive income ("FVTOCI")*	<b>3,605</b>	8,871
Dividend income from financial assets at fair value through profit or loss ("FVTPL")	<b>152</b>	268
	<hr/>	<hr/>
	<b>45,102</b>	24,496
	<hr/> <hr/>	<hr/> <hr/>

\* Under effective interest method

During the year, revenue from sales of petroleum was recognised at a point in time. Revenue from sales of petroleum was recognised once the control of the crude oil was transferred from the Group to the customer. Revenue was measured based on the oil price agreed with the customers at the point of sales.

During the year, revenue from sales of electricity was recognised at a point in time when the electricity generated (by solar energy power generation systems) and transmitted was simultaneously received and consumed by the power companies under the Renewable Energy Feed-in Tariff Scheme (the "FiT Scheme"), jointly launched by the Hong Kong Government and the two power companies in Hong Kong. The Group had no unsatisfied performance obligations at each reporting date.

Dividend income and interest income fall outside the scope of HKFRS 15.

#### 4. Segment information

The following is an analysis of the Group's revenue and results by operating segments, based on the information provided to the chief operating decision maker representing the Board, for the purposes of allocating resources to segments and assessing their performance. This is also the basis upon which the Group is arranged and organised.

The Group's operating segments under HKFRS 8 "Operating segments" are as follows:

- (i) Petroleum exploration and production
- (ii) Solar energy
- (iii) Money lending
- (iv) Investment in securities

#### Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

#### For the year ended 31 December 2022

	Petroleum exploration and production <i>HK\$'000</i>	Solar energy <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue</b>					
External sales/sources	<u>30,932</u>	<u>6,536</u>	<u>3,877</u>	<u>3,757</u>	<u>45,102</u>
<b>Results</b>					
Segment results before provision of expected credit loss ("ECL")	4,078	1,403	3,782	1,338	10,601
Provision of ECL	<u>-</u>	<u>-</u>	<u>(20,019)</u>	<u>(11,081)</u>	<u>(31,100)</u>
Segment results	<u>4,078</u>	<u>1,403</u>	<u>(16,237)</u>	<u>(9,743)</u>	<u>(20,499)</u>
Other income and losses, net					(8,818)
Corporate expenses					(17,772)
Gain on disposal of subsidiaries					159
Finance costs					<u>(27)</u>
Loss before tax					(46,957)
Income tax credit					<u>211</u>
Loss for the year					<u>(46,746)</u>

For the year ended 31 December 2021

	Petroleum exploration and production <i>HK\$'000</i>	Solar energy <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue</b>					
External sales/sources	<u>1,523</u>	<u>652</u>	<u>13,182</u>	<u>9,139</u>	<u>24,496</u>
<b>Results</b>					
Segment results before reversal (provision) of ECL	(4,112)	89	13,084	16,714	25,775
Reversal (provision) of ECL	<u>–</u>	<u>–</u>	<u>4,356</u>	<u>(49,247)</u>	<u>(44,891)</u>
Segment results	<u>(4,112)</u>	<u>89</u>	<u>17,440</u>	<u>(32,533)</u>	(19,116)
Other income and losses, net					987
Corporate expenses					(13,025)
Loss on disposal of subsidiaries					(397)
Finance costs					<u>(75)</u>
Loss before tax					(31,626)
Income tax credit					<u>2,255</u>
Loss for the year					<u>(29,371)</u>

Segment results represent the profit earned/loss incurred by each segment without allocation of certain other income and losses, net, corporate expenses, gain/loss on disposal of subsidiaries, certain finance costs and income tax credit.

## Geographical information

The Group's operations are located in Canada, Hong Kong, and the People's Republic of China ("PRC"). The Group's operations in Argentina ceased in the current year.

Information about the Group's revenue from external customers/sources is presented based on the geographical location of customers/sources. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers/sources		Non-current assets ( <i>Note</i> )	
	Year ended 31 December		At 31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Canada	30,932	–	185,615	–
Hong Kong	14,170	21,008	50,990	48,285
The PRC	–	1,965	–	–
Argentina	–	1,523	–	172
	<u>45,102</u>	<u>24,496</u>	<u>236,605</u>	<u>48,457</u>

*Note:* Non-current assets excluded debt instruments at FVTOCI.

## Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue is as follows:

	2022	2021
	HK\$'000	HK\$'000
Customer A <sup>1</sup>	30,166	–
Customer B <sup>2</sup>	6,536	N/A <sup>4</sup>
Customer C <sup>3</sup>	–	3,300

*Notes:*

<sup>1</sup> Revenue from petroleum exploration and production business

<sup>2</sup> Revenue from solar energy business

<sup>3</sup> Revenue from money lending business

<sup>4</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group during the relevant year

**5. Other income and losses, net**

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank and other interest income	<b>1,343</b>	83
Government grants ( <i>Note (i)</i> )	<b>228</b>	–
Overprovision of accrued expenses ( <i>Note (ii)</i> )	–	1,920
Exchange (loss) gain, net	<b>(10,332)</b>	453
Modification loss on debt instrument at FVTOCI	<b>(79)</b>	–
Others	<b>630</b>	(1,334)
	<b>(8,210)</b>	1,122

*Notes:*

- (i) During the year ended 31 December 2022, the Group recognised government grants of HK\$228,000 (2021: nil) in respect of COVID-19-related subsidies which related to the Employment Support Scheme provided by the Hong Kong Government.
- (ii) During the year ended 31 December 2021, the amount represented the overprovision of legal and professional expenses in relation to a possible acquisition in 2012 which the management had subsequently decided not to proceed with. The management considered the possibility of settling such liabilities as remote and the provision was reversed accordingly.

**6. Net (loss) gain on financial assets at fair value through profit or loss**

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net unrealised loss on financial assets at FVTPL	<b>(1,952)</b>	(1,229)
Net realised gain on disposal of financial assets at FVTPL	–	9,099
	<b>(1,952)</b>	7,870

**7. Finance costs**

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on lease liabilities	<b>119</b>	101
Accretion expense on decommissioning obligation	<b>1,127</b>	–
	<b>1,246</b>	101

## 8. Income tax credit

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Tax charge for the year comprises:		
Current tax		
Hong Kong	–	(944)
The PRC	–	(207)
	<hr/>	<hr/>
	–	(1,151)
Overprovision in prior years		
Hong Kong	<b>830</b>	2,929
The PRC	–	(101)
	<hr/>	<hr/>
	<b>830</b>	2,828
Withholding tax on interest income from a group entity	<b>(619)</b>	–
Deferred tax	–	578
	<hr/>	<hr/>
Income tax credit recognised in profit or loss	<b>211</b>	2,255
	<hr/> <hr/>	<hr/> <hr/>

Under the two-tiered profits tax rates regime of Hong Kong, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

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

Withholding tax rate on the interest income from a Canadian subsidiary is 10%.

## 9. Loss for the year

Loss for the year has been arrived at after charging:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	<b>11,692</b>	382
Depreciation of right-of-use assets	<b>1,438</b>	1,284
Total depreciation	<b>13,130</b>	1,666
Staff costs		
– directors' emoluments	<b>1,385</b>	1,612
– other staff costs	<b>5,710</b>	7,386
– other staff's retirement benefits schemes contributions (excluding directors)	<b>205</b>	801
Total staff costs	<b>7,300</b>	9,799
Auditor's remuneration	<b>2,332</b>	1,198

## 10. Dividends

No dividend was paid or proposed for the year ended 31 December 2022 (2021: nil), nor has any dividend been proposed since the end of the reporting period (2021: nil).

## 11. Loss per share

Loss per share is calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Loss:</b>		
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share	<b>(46,746)</b>	(29,371)

	<b>2022</b>	2021
	<b><i>'000</i></b>	<i>'000</i>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<b>5,240,344</b>	5,240,344

For the years ended 31 December 2022 and 2021, the diluted loss per share attributable to owners of the Company are not presented as there were no dilutive potential ordinary shares in issue.

## 12. Acquisition of assets and liabilities

On 9 February 2022, the Group entered into an asset purchase and sale agreement with RockEast Energy Corp. for the acquisition of an operating oilfield which comprises petroleum and natural gas rights, facilities and pipelines, together with all other properties and assets located in Alberta Province in Canada (the “**Canadian Oil Assets**”). On 16 July 2022, the acquisition of the Canadian Oil Assets was completed. The directors of the Company have elected to apply the optional concentration test in accordance with HKFRS 3 and concluded that the transaction was an acquisition of assets and liabilities as the Canadian Oil Assets are concentrated in a group of similar identifiable assets of similar nature. In addition, the directors of the Company are also of the opinion that the Canadian Oil Assets is the smallest identifiable group of assets that generates cash flows.

Details of the acquisition are summarised as follows:

	<i>HK\$'000</i>
Net assets acquired:	
Property, plant and equipment	<b>169,338</b>
Decommissioning obligation	<b>(33,877)</b>
	<hr/>
	<b>135,461</b>
	<hr/> <hr/>
Analysis of net outflow of cash and cash equivalents in respect of the acquisition:	
Cash consideration paid	<b>135,461</b>
	<hr/> <hr/>

### 13. Deposits and prepayments, trade and other receivables

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Deposit paid for decommissioning obligation ( <i>Note (i)</i> )	8,256	–
Prepayment for acquisition of non-current assets ( <i>Note (ii)</i> )	6,978	9,874
	<u>          </u>	<u>          </u>
Trade receivables ( <i>Note (iii)</i> )	5,232	194
Deposits and prepayments	4,826	1,316
Others	340	100
	<u>          </u>	<u>          </u>
	<u>10,398</u>	<u>1,610</u>

*Notes:*

- (i) The amount represented a refundable deposit paid to Alberta Energy Regulator in relation to decommissioning obligation of the Group's petroleum exploration and production business in Canada.
- (ii) The amount represented prepayment for the acquisition of solar photovoltaic systems in relation to the Group's solar energy business, which would be utilised as consideration upon completion of the acquisition. The management expects the acquisition would be completed within one year.
- (iii) The Group allows an average credit period of 30 to 60 days (2021: 30 to 60 days). The trade receivables of HK\$5,232,000 (2021: HK\$194,000) were aged within 30 days based on the customers' statement date and were neither past due nor impaired.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limit by customer. Credit limit and credit quality attributed to the customers are reviewed by the management regularly.

#### 14. Debt instruments at fair value through other comprehensive income

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Listed investments, at fair value:		
– Debt securities listed in Hong Kong or Singapore with fixed interests ranging from 5.25% to 11.75% (2021: 4.70% to 11.75%) per annum and maturity dates ranging from 23 March 2022 to 28 June 2025 (2021: 8 March 2022 to 28 June 2025)	<u>33,739</u>	<u>78,396</u>
Analysed as:		
Current portion	<u>28,041</u>	47,712
Non-current portion	<u>5,698</u>	<u>30,684</u>
	<u>33,739</u>	<u>78,396</u>

At 31 December 2022 and 2021, the fair values of debt instruments at FVTOCI were determined based on quoted market prices and credit risk adjustments on certain debt instruments.

Provision of ECL of HK\$11,081,000 (2021: HK\$49,247,000) was recognised in profit or loss with corresponding adjustment to other comprehensive income for the year.

#### 15. Loan and interest receivables

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Fixed-rate loan receivables	84,000	140,378
Interest receivables	<u>652</u>	<u>9,538</u>
	84,652	149,916
Less: Impairment allowance	<u>(23,800)</u>	<u>(34,915)</u>
	<u>60,852</u>	<u>115,001</u>
Analysed as:		
Current portion	<u>60,852</u>	<u>115,001</u>
Analysed as:		
Secured	51,494	115,001
Unsecured	<u>9,358</u>	–
	<u>60,852</u>	<u>115,001</u>

The Group recognised impairment allowance of HK\$20,019,000 (2021: reversal of impairment allowance of HK\$4,356,000) on loan and interest receivables for the year.

**16. Financial assets at fair value through profit or loss**

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Listed investments, at fair value:		
– Equity securities listed in Hong Kong	<u>4,772</u>	<u>6,724</u>

Listed equity securities were stated at fair values which were determined based on the quoted market closing prices available on the Hong Kong Stock Exchange.

**17. Trade and other payables**

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Trade payables	–	129
Other tax payables	–	1,178
Accrued professional fees	<b>279</b>	390
Payables for acquisition of property, plant and equipment ( <i>Note</i> )	<b>12,720</b>	7,388
Other payables and accruals	<u>7,806</u>	<u>2,767</u>
	<u><b>20,805</b></u>	<u>11,852</u>

*Note:* At 31 December 2022, the amount of HK\$12,720,000 was related to the acquisition of oil and gas properties with credit period of 60 days (2021: HK\$7,388,000 was related to the acquisition of solar photovoltaic systems with credit period of 45 days).

The following is an aged analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
0 – 30 days	<u>–</u>	<u>129</u>

The average credit period on purchases of goods was 30 days.

## **FINAL DIVIDEND**

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2022 (2021: nil).

## **BUSINESS REVIEW**

For the year ended 31 December 2022 (“**FY2022**”), the Group continued to principally engage in the business of petroleum exploration and production, solar energy, money lending and investment in securities.

During FY2022, there was a sharp surge in international oil prices largely because of the revival of economic activities worldwide following the easing of the COVID pandemic, and the tightened supply of energy sources following the outbreak of war between Russia and Ukraine. The price of Brent crude oil, one of the benchmarks of international oil prices, jumped from around United States Dollars (“**US\$**”) 80 per barrel (“**bbl**”) in December 2021 to its peak of over US\$130 per bbl in March 2022, and dropped back to around US\$80 per bbl in December 2022. Although international oil prices continue to fluctuate considerably recently, they are hovering at comparatively high levels to their historical trends in the past five years and current market outlook of the industry remains positive.

Leveraging on the Group’s business experience of its oil operation in Argentina and with the intent of continuing its petroleum exploration and production business, as announced by the Company on 17 July 2022, the Group has completed the acquisition of the Canadian Oil Assets for a final consideration of Canadian Dollars (“**C\$**”) 22,500,000 (equivalent to HK\$135,461,000). Upon closing of the transaction, the financial results of the Canadian Oil Assets have been incorporated in the Group’s consolidated financial statements. For the period from 16 July 2022 to 31 December 2022, the Canadian Oil Assets contributed a revenue of HK\$30,932,000 and an operating profit of HK\$4,078,000 to the Group’s results for FY2022, and for the same period, the earnings before interest, taxes, depreciations and amortisation (“**EBITDA**”) generated by the Canadian Oil Assets was HK\$13,178,000.

In alignment with the Group’s strategic initiatives to develop a diversified and balanced energy business portfolio, in July 2021, the Group entered into a cooperation framework agreement (the “**Cooperation Agreement**”) with a specialist solar energy total solution and services provider to invest in solar energy power generation projects that are participating in the FiT Scheme, which is a scheme promoted by the Hong Kong Government to incentivise the private sector to produce clean energy for sale to the two power companies in Hong Kong. In August 2021, for further development of the solar energy business, the Group entered into an acquisition agreement (the “**Acquisition Agreement**”) to acquire a portfolio of existing and to-be-completed solar energy power generation projects which are participating in the FiT Scheme. As of 31 December 2022, the Group has invested a sum of HK\$51,516,000 in solar energy power generation projects under the two aforementioned agreements.

For FY2022, the Group recorded an increase in revenue by 84% to HK\$45,102,000 (2021: HK\$24,496,000), mainly due to the incorporation of the Canadian Oil Assets' revenue in the Group's consolidated financial statements since July 2022, and reported a loss attributable to owners of the Company of HK\$46,746,000 (2021: HK\$29,371,000) that mainly attributed to (i) the recognition of net loss on financial assets at FVTPL of HK\$1,952,000 in contrast to the net gain of HK\$7,870,000 recorded in last year; (ii) the increase in depreciation which mainly related to the Canadian Oil Assets and the Group's solar energy power generation projects to HK\$13,130,000 (2021: HK\$1,666,000); (iii) the provision of ECL on loan and interest receivables of HK\$20,019,000 (2021: reversal of ECL of HK\$4,356,000); and (iv) the increase in other expenses to HK\$14,875,000 (2021: HK\$7,193,000) mainly due to the professional fees incurred for the acquisition of the Canadian Oil Assets, whilst partly offset by (i) the decrease in provision of ECL on debt instruments at FVTOCI to HK\$11,081,000 (2021: HK\$49,247,000); and (ii) the profit contributions from the petroleum exploration and production and solar energy businesses totalling HK\$5,481,000 (2021: net loss of HK\$4,023,000).

### **Petroleum Exploration and Production**

As stated in the Company's announcement dated 16 March 2021, the Group's interest in an oil concession in the Chañares Herrados area (the "**CHE Concession**") located in Cuyana Basin, Mendoza Province of Argentina was taken over by a new concessionaire on 13 March 2021, accordingly, the Group's petroleum exploration and production business in Argentina ceased in FY2022. As above mentioned, the acquisition of the Canadian Oil Assets was completed on 16 July 2022, since then, the financial results of the Canadian Oil Assets have been incorporated in the Group's consolidated financial statements. For FY2022, the Group's petroleum exploration and production business (now constituted by the Canadian Oil Assets) generated a revenue of HK\$30,932,000, an operating profit of HK\$4,078,000 and an EBITDA of HK\$13,178,000 whilst in last year, before the CHE Concession was taken over, it generated a revenue of HK\$1,523,000 and incurred an operating losses of HK\$4,112,000. It is expected that the revenue and EBITDA generated by the Canadian Oil Assets will continue to grow in 2023 as their full year results, together with the production of new wells drilled, will be incorporated in the Group's results.

The Canadian Oil Assets represent an operating oilfield comprising petroleum and natural gas rights, facilities and pipelines, together with other properties and assets spanned on 8,818 net acres of land in Windy Lake region, near Calgary in Alberta Province of Canada.

The Canadian Oil Assets is managed under EP Resources Corporation (“EPR”), a Canadian incorporated wholly-owned subsidiary of the Company, by a team of local management with extensive experience in the oil and gas industry in Calgary, Canada. For the period from 16 July 2022 to 31 December 2022, the Canadian Oil Assets produced approximately 81,300 bbl and sold 81,100 bbl of crude oil, and generated a revenue of approximately C\$6,618,000 (equivalent to HK\$39,821,000) (before royalties payment) at an average selling price of C\$81.6 per bbl. The crude oil produced from the Canadian Oil Assets were trucked and sold to the independent oil distributors located in the nearby regions who will largely resell the same to the American importers.

From July 2022 onwards and up to the end of 2022, EPR had incurred capital expenditure totalling C\$2,655,000 (equivalent to HK\$15,285,000) for new wells drilling and production enhancement work for the number of wells as shown in the table below:

	Number of wells	Capital Expenditure	
		C\$'000	HK\$'000 equivalent
New wells drilling	3	2,156	12,412
Wells reactivations	3	140	806
Additional perforations	2	270	1,555
Wells recompletion	1	89	512
		2,655	15,285

As of 31 December 2022, there were 35 producing wells in operation, with an average remaining reserve life of more than ten years, compared to 32 producing wells when the acquisition of the Canadian Oil Assets took place in July 2022. The addition of the three producing wells was a result of the wells reactivations work performed. The drilling work of the three new wells were in progress at the end of 2022, with two were subsequently completed in January 2023 and one in February 2023. All three new wells drilled have commenced production and are currently in operation.

As at 31 December 2022, an update of the estimated oil reserves of the Canadian Oil Assets are as follows:

	<b>Gross Remaining Reserves</b>	
	<b>As at 31 December 2022*</b> <i>'000 bbl</i>	<b>As at 31 December 2021#</b> <i>'000 bbl</i>
Proved		
Developed producing	<b>502.1</b>	630.2
Developed non-producing	<b>140.8</b>	38.6
Undeveloped	<b>902.0</b>	1,063.0
Total Proved	<b>1,544.9</b>	1,731.8
Probable	<b>1,653.0</b>	1,958.8
Proved plus Probable	<b>3,197.9</b>	3,690.6

\* According to the reserve report (“**Reserve Report**”) prepared by Trimble Engineering Associates Ltd. (“**Trimble**”) on the estimated oil reserves of the Canadian Oil Assets as at 31 December 2022, Trimble is the competent person engaged by the Company in preparing the competent person’s report (“**CPR**”) contained in the circular dated 11 March 2022 (the “**Circular**”) in relation to the acquisition of the Canadian Oil Assets. The same set of methodology adopted in preparing the CPR are adopted in preparing the Reserve Report. Further details of the Canadian Oil Assets were contained in the Circular.

# The Group acquired the Canadian Oil Assets in July 2022. The data of the estimated oil reserves of the Canadian Oil Assets as at 31 December 2021 are extracted from the Circular and are for illustration only.

According to Group’s initial four-year development plan for the Canadian Oil Assets, it was envisaged that 6, 14, 18 and 11 new wells would be drilled in 2022, 2023, 2024 and 2025. In respect of the 2022 drilling plan, for the reason that the completion time of acquiring the Canadian Oil Assets in July 2022 was later than envisaged when the development plan was first made, the Group could only manage to complete the drilling work for two new wells in January 2023 and one in February 2023. As for the planned drilling of the other three new wells, the plan is currently held up pending for further evaluation as based on the production data that the Group has collected from the local government authorities for the oilfields located near the target new wells, and the updated geological information including seismic data of the target new wells and the oilfields nearby, the production of the target new wells may not meet the desired level as originally anticipated. In respect of the 2023 drilling plan, the work is progressing as planned except that the number of new wells to be drilled on a target site will be 8 instead of 14 while the forecasted production from the new wells will remain the same. After further study of the geological information of the target site, the Group decided to employ a different horizontal drilling technique which could be more cost effective than

the one originally planned, with the result that less wells will be drilled while the forecasted production level will remain the same. In respect of the drilling plans for 29 new wells in 2024 and 2025, based on the production data of nearby oilfields and geological information recently collected, together with other technical reasons, the plans will be revised with 14, 10 and 5 new wells to be drilled in 2024, 2025 and 2026, adding up to the same number of new wells as originally planned. Primarily owing to the change of drilling plan for 2022 and the completion time of the three new wells were deferred to before the end of February 2023, it caused a variance to the cashflow expected to be generated from the Canadian Oil Assets in 2022.

### **Solar Energy**

In recent years, major countries in the world are actively formulating their energy policies to curb carbon emissions and it is the Group's business strategy to expand its footprints in the energy sector through investing in renewable energy assets, including solar energy projects, which could support the Group's healthy and sustainable business development. On 23 July 2021, in order to capture the business opportunities in decarbonisation, the Group entered into the Cooperation Agreement with a specialist solar energy total solution and services provider to invest in solar energy power generation projects, from which the electricity generated can be sold to the two power companies and thereby earning the feed-in tariff income under the FiT Scheme. Moreover, for further development of the solar energy business, on 30 August 2021, the Group entered into the Acquisition Agreement to acquire a portfolio of existing and to-be-completed solar energy power generation projects which are participating in the FiT Scheme. Further details of the transactions were stated in the Company's announcements dated 23 July 2021, 30 August 2021 and 16 September 2021.

During FY2022, the Group has made further investment of HK\$7,871,000 and bringing the Group's total investment in solar energy power generation projects up to HK\$51,516,000 as of 31 December 2022, with a further capital commitment of approximately HK\$6,978,000. As of the year end, the Group has 40 solar photovoltaic systems in operation, and 10 solar photovoltaic systems are scheduled to be completed before the end of first quarter 2023. For FY2022, the solar energy business contributed a revenue and an operating profit of HK\$6,536,000 (2021: HK\$652,000) and HK\$1,403,000 (2021: HK\$89,000) respectively to the Group, and EBITDA of the business was HK\$5,157,000 (2021: HK\$396,000).

### **Money Lending**

For FY2022, the Group's money lending business reported decreases in revenue by 71% to HK\$3,877,000 (2021: HK\$13,182,000) and operating profit (before provision of ECL) by 71% to HK\$3,782,000 (2021: HK\$13,084,000), which were mainly due to the lower average amount of performing loans advanced to borrowers during FY2022. A provision of ECL of HK\$20,019,000 (2021: reversal of ECL of HK\$4,356,000) on loan and interest receivables was recognised during the year.

The Group performs impairment assessment on loan receivables under the ECL model. The measurement of ECL is a function of the probability of default, the loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default (i.e., the magnitude of the loss after accounting for value of the collateral if there is a default). The assessment of probability of default and loss given default is based on historical data and forward-looking information, whilst the valuation of the assets/properties pledged to the Group as collaterals are performed by independent professional valuers engaged by the Group, where applicable, at each reporting date for the purpose of determining ECL. In accordance with the Group's loan impairment policy, the amount of ECL is updated at each reporting date to reflect the changes in credit risk on loan receivables since initial recognition. At the period end, the net impairment allowance recognised primarily represented the credit risk involved in collectability of certain default and non-default loans determined under the Group's loan impairment policy, with reference to factors including the credit history and financial conditions of the borrowers, the ageing of the overdue balances, the realisation value of the collaterals pledged to the Group, and forward-looking information including the future macroeconomic conditions affecting the borrowers (the negative impact of the COVID epidemic on the economy had also been considered).

The Group has a system in place to closely monitor the recoverability of its loan portfolio, its credit monitoring measures include regular collateral value review against market information and regular communication with the borrowers of their financial positions, through which the Group will be able to keep updated with the latest credit profile and risk associated with each individual borrower and could take appropriate actions for recovery of a loan at the earliest time. If circumstances require, the Group will commence legal actions against the borrowers for recovery of the overdue loans and taking possession of the collaterals pledged.

For FY2022, a provision of ECL of HK\$20,019,000 (2021: reversal of ECL of HK\$4,356,000) was recognised which primarily represented the credit risk involved in collectability of certain credit-impaired loans determined under the Group's loan impairment policy, and have considered factors including the credit history of the borrowers, the realisation value of the collaterals pledged to the Group, and the prevailing economic conditions. The Group has taken various actions for recovery of the credit-impaired loans. There was no change in the method used in determining the impairment allowance on loan receivables from the prior financial year.

The size of the Group's loan portfolio reduced by 47% to HK\$60,582,000 (2021: HK\$115,001,000) (on a net of impairment allowance basis) was mainly a result of the settlement or partial repayment of certain loans. The Group aims to make loans that could be covered by sufficient collaterals, preferably properties and assets with good quality, and to borrowers with good credit history. The target customer groups of the business are individuals and corporate entities that have short-term funding needs for business purpose and could provide sufficient collaterals for their borrowings. The Group has a stable source of loan deals from its own business network and its sales agents.

At 31 December 2022, the carrying amount of the loan portfolio held by the Group amounted to HK\$60,852,000 (after impairment allowance of HK\$23,800,000) (2021: HK\$115,001,000 (after impairment allowance of HK\$34,915,000)) with details as follows:

Category of borrowers	Approximate weighting to the carrying amount of the Group's loan portfolio %	Interest rate per annum %	Maturity
Corporate	76.9	8.5 – 12.0	Within one year
Individual	23.1	11.0 – 18.0	Within one year
	<u>100.0</u>		

At 31 December 2022, 85% (2021: 100%) of the carrying amount of the loan portfolio (after impairment allowance) was secured by collaterals with 15% (2021: nil) being unsecured. At the year end, the loans made to all borrowers were term loans with maturity within one year, and the loan made to the largest borrower and the four largest borrowers accounted for 39% and 100% respectively of the Group's loan portfolio (on a net of impairment allowance basis).

The Group has credit policies, guidelines and procedures in place which cover key internal controls of a loan transaction including (i) due diligence; (ii) credit appraisal; (iii) proper execution of documentations; (iv) continuous monitoring and (v) collection and recovery. Before granting loan to a potential customer, the Group performs credit appraisal process to assess the potential borrower's credit quality and defines the credit limit granted to the borrower. The credit appraisal process encompasses detailed assessment on the credit history and financial background of the borrower, as well as the value and nature of the collateral to be pledged. The credit limit of a loan successfully granted to the borrower will be subject to regular credit review by the management as part of the ongoing loan monitoring process.

### **Investment in Securities**

The Group generally acquires securities listed on the Hong Kong Stock Exchange or other recognised stock exchanges and over-the-counter markets with good liquidity that can facilitate swift execution of securities transactions. For making investment or divestment decision on securities of individual target company, references will usually be made to the latest financial information, news and announcements issued by the target company, investment analysis reports that the Company has access to, as well as industry or macroeconomic news. When deciding on acquiring securities to be held for long-term

purpose, particular emphasis will be placed on the past financial performance of the target company including its sales and profit growth, financial healthiness, dividend policy, business prospects, and industry and macroeconomic outlook. When deciding on acquiring securities to be held other than for long-term purpose, in addition to the factors mentioned, references will also be made to prevailing market sentiments on different sectors of the investment markets. In terms of return, for long-term securities investments, the Company mainly emphasises on return of investment in form of capital appreciation and dividend/interest income. For securities investment other than for long-term holding, the Company mainly emphasises on return of investment in form of trading gains.

At 31 December 2022, the Group's securities investments comprised a financial asset at FVTPL portfolio valued at HK\$4,772,000 (2021: HK\$6,724,000), comprising equity securities listed in Hong Kong, and a debt instrument at FVTOCI portfolio (constituted by non-current and current portions) valued at HK\$33,739,000 (2021: HK\$78,396,000), comprising debt securities listed in Hong Kong or Singapore. As a whole, the Group's securities investments recorded a revenue of HK\$3,757,000 (2021: HK\$9,139,000) and a loss, after provision of ECL, of HK\$9,743,000 (2021: HK\$32,533,000).

#### ***Financial assets at FVTPL***

At 31 December 2022, the Group held a financial asset at FVTPL portfolio amounting to HK\$4,772,000 (2021: HK\$6,724,000) measured at market/fair value. For FY2022, the portfolio generated a revenue of HK\$152,000 (2021: HK\$268,000), representing dividends from equity securities. The Group recognised a net loss on financial assets at FVTPL of HK\$1,952,000 (2021: gain of HK\$7,870,000) for FY2022, which comprised net unrealised loss of HK\$1,952,000 (2021: net realised gain and net unrealised loss of HK\$9,099,000 and HK\$1,229,000 respectively).

The net unrealised loss represented the decrease in market value of those equity securities held by the Group at the year end. The Group continued to adopt a prudent and disciplined approach in managing its financial asset at FVTPL portfolio and had not acquired any equity securities during the current year.

At 31 December 2022, the Group's financial asset at FVTPL portfolio of HK\$4,772,000 comprised one major investment with details as below:

Investee company's name and its principal activities <sup>#</sup>	Approximate weighting to the carrying amount of the Group's total assets at 31 December 2022	% of shareholding interest	Carrying amount at 1 January 2022	Market/fair value at 31 December 2022	Unrealised loss recognised during the year ended 31 December 2022	Dividend income recognised during the year ended 31 December 2022
	%	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			A	B	C = B - A	
Emperor International Holdings Limited (HKEX stock code: 163) Property investment and development and hospitality businesses	1.10	0.20	6,724	4,772	(1,952)	152

<sup>#</sup> Extracted from published financial information of the investee company.

### ***Debt instruments at FVTOCI***

At 31 December 2022, the Group's debt instrument at FVTOCI portfolio (constituted by non-current and current portions) of HK\$33,739,000 (2021: HK\$78,396,000) was measured at market/fair value. During FY2022, the Group's debt instrument at FVTOCI portfolio generated a revenue amounting to HK\$3,605,000 (2021: HK\$8,871,000), representing interest income from debt securities. According to the maturity profile of the debt instruments, part of the debt instruments at FVTOCI of HK\$28,041,000 (2021: HK\$47,712,000) was classified as current assets.

During FY2022, the Group had not acquired any debt securities (2021: nil), and principal of certain debt securities totalling HK\$32,370,000 were redeemed. At the year end, a net fair value loss on debt instruments at FVTOCI of HK\$11,238,000 (2021: HK\$54,714,000) was recognised as other comprehensive expense primarily due to the fall in market value of these debt securities and downward adjustment on fair value of certain debt instruments due to their increased credit risks.

The Group had engaged an independent professional valuer to perform an impairment assessment on the debt instruments held under the ECL model. The measurement of ECL is a function of the probability of default and loss given default (i.e., the magnitude of the loss if there is a default), with the assessment of the probability of default and loss given default is based on historical data and forward-looking information. The estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights, and also with reference to the time value of money. In determining the ECL on the Group's debt instruments for the year,

the management had worked closely with the independent professional valuer and taken into accounts factors including the withdrawal or downgrading of credit ratings of the debt instruments by the credit rating agencies, the defaults of the bond issuers in making payments of interest and principal for their indebtedness, as well as forward-looking information including the future macroeconomic conditions at places where the bond issuers are operating. There was no change in the method used in determining the ECL on debt instruments at FVTOCI from last year.

For FY2022, a provision of ECL on debt instruments at FVTOCI of HK\$11,081,000 (2021: HK\$49,247,000) was recognised in profit or loss (with a corresponding adjustment to other comprehensive income) as the credit risks of certain debt instruments held by the Group had further increased since initial recognition. During FY2022, the credit ratings of these debt instruments, which were corporate bonds issued by property companies based in the Mainland, were withdrawn or downgraded by the credit rating agencies as the credit risks of these bonds had increased significantly due to the bond issuers' defaults in making interest and principal payments for their indebtedness. As the Group expected the financial uncertainties of these bond issuers would ultimately affect the collection of contractual cash flows of these bonds, a provision of ECL on debt instruments at FVTOCI of HK\$11,081,000 was recognised.

At 31 December 2022, the Group invested in debt securities issued by six property companies based in the Mainland, the market/fair value of the portfolio amounted to HK\$33,739,000, with details as below:

Category of companies	<sup>#</sup> Approximate weighting to the carrying amount of the Group's total assets at 31 December 2022 %	Yield to maturity on acquisition date %	Acquisition costs HK\$'000	<sup>*</sup> Acquisition costs during the year/carrying amount at 1 January 2022 HK\$'000	Market/fair value at 31 December 2022 HK\$'000	Accumulated fair value loss recognised up to 31 December 2022 HK\$'000	Fair value loss recognised during the year ended 31 December 2022 HK\$'000
			A	B	C	D = C - A	E = C - B
Property	7.78	5.62 – 12.50	104,826	49,958	33,739	(71,087)	(16,219)

\* The amount represented the costs of the securities acquired during the year ended 31 December 2022 and/or the carrying amount of the securities brought forward from the prior financial year after accounting for additional acquisition and/or disposal of the securities (if any) during the current year.

# The weighting of individual debt securities to the carrying amount of the Group's total assets at 31 December 2022 did not exceed 5%.

The yield to maturity on acquisition of the debt securities which were held by the Group at the year end ranging from 5.62% to 12.50% per annum.

## **Overall Results**

For FY2022, the Group's petroleum exploration and production business recorded a profit of HK\$4,078,000 (2021: loss of HK\$4,112,000), the solar energy business recorded a profit of HK\$1,403,000 (2021: HK\$89,000), the money lending business recorded a loss of HK\$16,237,000 (2021: profit of HK\$17,440,000), and the Group's investment in securities recorded a loss of HK\$9,743,000 (2021: HK\$32,533,000).

Overall speaking, the Group reported a loss attributable to owners of the Company of HK\$46,746,000 (2021: HK\$29,371,000), and a total comprehensive expense attributable to owners of the Company of HK\$49,677,000 (2021: HK\$33,508,000) which included a net fair value loss on debt instruments at FVTOCI of HK\$11,238,000 (2021: HK\$54,714,000).

## **FINANCIAL REVIEW**

### **Liquidity, Financial Resources and Capital Structure**

During FY2022, the Group financed its operation mainly by cash generated from its operations and shareholders' funds. At the year end, the Group had current assets of HK\$191,386,000 (2021: HK\$363,774,000) and liquid assets comprising cash and cash equivalents as well as financial assets at FVTPL totalling HK\$90,568,000 (2021: HK\$198,548,000). The Group's current ratio, calculated based on current assets over current liabilities of HK\$21,797,000 (2021: HK\$14,105,000), was at a liquid level of about 8.8 (2021: 25.8). The decrease in liquid assets was mainly due to the payment of consideration of HK\$135,461,000 for the acquisition of the Canadian Oil Assets.

At 31 December 2022, the Group's total assets amounted to HK\$433,689,000 (2021: HK\$442,915,000), the Group's gearing ratio, calculated on the basis of total liabilities of HK\$57,376,000 (2021: HK\$16,925,000) divided by total assets, was at a low level of about 13% (2021: 4%). Finance costs represented the accretion expense on decommissioning obligation and imputed interest on lease liabilities of HK\$1,127,000 (2021: nil) and HK\$119,000 (2021: HK\$101,000) respectively recognised for the year.

At 31 December 2022, the equity attributable to owners of the Company amounted to HK\$376,313,000 (2021: HK\$425,990,000) and was equivalent to an amount of approximately HK7.18 cents (2021: HK8.13 cents) per share of the Company. The decrease in equity attributable to owners of the Company of HK\$49,677,000 was mainly due to loss incurred by the Group for the year.

With the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

## **PROSPECTS**

It is the Group's business strategy to continue developing its petroleum exploration and production business, along with expanding and diversifying its business in the energy sector to the next level by investing in renewable energy assets, including solar energy projects, which would support the healthy and sustainable business development of the Group in the long-term and create new value to shareholders. In pursuance of these strategic initiatives, the Group has successfully acquired the Canadian Oil Assets, and entered into the Cooperation Agreement and Acquisition Agreement for the development of its solar energy business.

The Canadian Oil Assets are located near Calgary City, Alberta Province in Canada. The Group considers Canada is one of the ideal countries for developing petroleum exploration and production business as it has a stable political environment, a well-established system of oil regulations and industrial policies, a well-developed business infrastructure for the oil industry, and the third largest oil reserves in the world. There are thus enormous business opportunities available in Canada for the Group to develop its petroleum business.

The solar energy power generation projects the Group investing in are projects participating in the FiT Scheme. The FiT Scheme is a policy initiative introduced by the Hong Kong Government to encourage the private sector to participate in producing cleaner fuel and developing renewable energy technologies. Under the FiT Scheme, scheme participants who install solar or wind power generation system at their premises can sell the renewable energy generated to the two power companies in Hong Kong at a rate considerably higher than the normal electricity tariff rate. The FiT Scheme will be offered until the end of 2033, through investing in solar energy power generation projects participating in the FiT Scheme, the Group is able to secure a long-term and stable stream of revenue from the tariff income earning by the projects participating in the FiT Scheme.

Looking forward, the Group will continue to actively pursue its interests in the petroleum and solar energy businesses and will manage its businesses in a prudent approach in view of the business uncertainties brought by the heightened political and economic tensions between China and the US, and the war between Russia and Ukraine which brings significant volatilities to international prices of oil and gas.

It is the Group's business strategy to build a diversified and balanced energy business portfolio, comprising petroleum as well as solar energy assets, which will present the Group with favourable long-term prospects, and is in line with the Group's sustainable corporate strategy of broadening its income stream for the goal of achieving a stable, long-term and attractive return to shareholders.

## **CORPORATE GOVERNANCE**

The Company had complied with all the applicable provisions of the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 to the Listing Rules for the year ended 31 December 2022, except for the following deviations with reasons as explained:

### **Chairman and chief executive**

#### *Code Provision C.2.1*

Code Provision C.2.1 of the CG Code requires the roles of the chairman and chief executive should be separate and should not be performed by the same individual.

#### *Deviation*

The Company had deviated from Code Provision C.2.1 of the CG Code during the year ended 31 December 2022 due to the positions of Chairman of the Board and Chief Executive Officer had been left vacant. The Company is still looking for suitable candidates to fill the vacancies of the Chairman of the Board and the Chief Executive Officer of the Company. The day-to-day management responsibilities are taken up by the Executive Directors of the Company; and the overall direction and strategy of the businesses of the Group are decided by the agreement of the Board. There are three Independent Non-executive Directors on the Board offering independent and differing perspectives. The Board is therefore of the view that there are adequate balance of power and safeguards in place to enable the Company to make and implement decisions promptly and effectively.

### **Shareholders meetings**

#### *Code Provision F.2.2*

Code Provision F.2.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting.

#### *Deviation*

As the position of Chairman of the Board had been left vacant, Mr. Sue Ka Lok, Executive Director of the Company, was elected and acted as chairman of the annual general meeting of the Company held on 30 June 2022 in accordance with Bye-law 70 of the Company’s Bye-laws.

## **AUDIT COMMITTEE**

The audited consolidated financial statements of the Company for the year ended 31 December 2022 have been reviewed by the Audit Committee and duly approved by the Board under the recommendation of the Audit Committee.

## **SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED**

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2022 as set out above in this announcement have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board on 30 March 2023. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Moore Stephens CPA Limited on this announcement.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board  
**EPI (Holdings) Limited**  
**Sue Ka Lok**  
*Executive Director*

Hong Kong, 30 March 2023

*As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Sue Ka Lok, Mr. Yiu Chun Kong and Mr. Chan Shui Yuen; and three Independent Non-executive Directors, namely Mr. Pun Chi Ping, Ms. Leung Pik Har, Christine and Mr. Kwong Tin Lap.*