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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 2020**

The Board of Directors (the “**Board**”) of EPI (Holdings) Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2020 together with comparative figures as follows:

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

*For the year ended 31 December 2020*

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
<b>Revenue</b>	<b>3</b>	<b>42,449</b>	60,560
Sales of petroleum		<b>14,097</b>	24,171
Interest income		<b>28,012</b>	35,287
Others		<b>340</b>	1,102
Purchases, processing and related expenses		<b>(11,758)</b>	(18,858)
Other income and losses, net	<b>5</b>	<b>10,160</b>	(1,609)
Net loss on financial assets at fair value through profit or loss	<b>6</b>	<b>(9,183)</b>	(32,736)
Reversal (provision) of expected credit loss on loan and interest receivables		<b>12,232</b>	(61,703)
(Provision) reversal of expected credit loss on debt instruments at fair value through other comprehensive income		<b>(4,574)</b>	56
Provision of impairment loss of property, plant and equipment and right-of-use assets	<b>7</b>	–	(47,306)
Wages, salaries and other benefits		<b>(14,214)</b>	(16,573)
Depreciation		<b>(1,417)</b>	(8,555)
Gain on redemption of debt instruments at fair value through other comprehensive income		<b>111</b>	328
Other expenses		<b>(14,547)</b>	(10,692)

\* *For identification purpose only*

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
Loss on disposal of subsidiaries	8	<b>(515)</b>	–
Finance costs	9	<b>(166)</b>	(239)
Profit (loss) before tax		<b>8,578</b>	(137,327)
Income tax expense	10	<b>(440)</b>	(772)
<b>Profit (loss) for the year</b>	<b>11</b>	<b>8,138</b>	(138,099)
<b>Other comprehensive (expense) income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value (loss) gain on debt instruments at fair value through other comprehensive income		<b>(885)</b>	9,340
Provision (reversal) of expected credit loss on debt instruments at fair value through other comprehensive income		<b>4,574</b>	(56)
Release on redemption of debt instruments at fair value through other comprehensive income		<b>(111)</b>	(328)
Exchange differences arising on translation of foreign operations		<b>3,886</b>	(2,014)
<b>Other comprehensive income for the year, net of income tax</b>		<b>7,464</b>	6,942
<b>Total comprehensive income (expense) for the year</b>		<b>15,602</b>	(131,157)
<b>Profit (loss) for the year attributable to:</b>			
Owners of the Company		<b>8,519</b>	(138,099)
Non-controlling interests		<b>(381)</b>	–
		<b>8,138</b>	(138,099)
<b>Total comprehensive income (expense) attributable to:</b>			
Owners of the Company		<b>15,983</b>	(131,157)
Non-controlling interests		<b>(381)</b>	–
		<b>15,602</b>	(131,157)
<b>Earnings (loss) per share attributable to owners of the Company</b>			
– Basic	13	<b>HK0.16 cent</b>	HK(2.64) cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2020*

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Non-current assets</b>			
Exploration and evaluation assets		–	–
Property, plant and equipment		<b>985</b>	605
Right-of-use assets		<b>2,523</b>	–
Intangible asset		–	420
Debt instruments at fair value through other comprehensive income	<i>14</i>	<b>129,985</b>	123,022
Loan and interest receivables	<i>15</i>	<b>33,425</b>	33,000
		<hr/>	<hr/>
Total non-current assets		<b>166,918</b>	157,047
<b>Current assets</b>			
Debt instruments at fair value through other comprehensive income	<i>14</i>	<b>2,213</b>	18,804
Loan and interest receivables	<i>15</i>	<b>127,957</b>	152,688
Trade and other receivables and prepayments	<i>16</i>	<b>15,793</b>	9,296
Other tax recoverables		<b>609</b>	881
Income tax recoverable		<b>2,549</b>	1,089
Financial assets at fair value through profit or loss	<i>17</i>	<b>25,097</b>	37,059
Bank balances and cash		<b>134,627</b>	92,400
		<hr/>	<hr/>
Total current assets		<b>308,845</b>	312,217
<b>Current liabilities</b>			
Trade and other payables	<i>18</i>	<b>8,744</b>	16,913
Income tax payable		<b>4,170</b>	4,796
Lease liabilities		<b>1,282</b>	3,612
		<hr/>	<hr/>
Total current liabilities		<b>14,196</b>	25,321
<b>Net current assets</b>		<b>294,649</b>	286,896
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>461,567</b>	443,943
		<hr/>	<hr/>

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Non-current liabilities</b>		
Deferred tax liabilities	<b>578</b>	47
Lease liabilities	<b>1,491</b>	–
	<hr/>	<hr/>
Total non-current liabilities	<b>2,069</b>	47
	<hr/>	<hr/>
<b>Net assets</b>	<b>459,498</b>	443,896
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<b>Capital and reserves</b>		
Share capital	<b>52,403</b>	52,403
Reserves	<b>407,476</b>	391,493
	<hr/>	<hr/>
Equity attributable to owners of the Company	<b>459,879</b>	443,896
Non-controlling interests	<b>(381)</b>	–
	<hr/>	<hr/>
<b>Total equity</b>	<b>459,498</b>	443,896
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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 Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of material
Amendments to HKFRS 3	Definition of a business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest rate benchmark reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and 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.

*New and amendments to HKFRSs in issue but not yet effective*

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance contracts and the related amendments <sup>1</sup>
Amendment to HKFRS 16	Covid-19-related rent concessions <sup>4</sup>
Amendments to HKFRS 3	Reference to the conceptual framework <sup>2</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate benchmark reform – phase 2 <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture <sup>3</sup>
Amendments to HKAS 1	Classification of liabilities as current or non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 16	Property, plant and equipment – proceeds before intended use <sup>2</sup>
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract <sup>2</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2018-2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2021.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. Revenue

#### Revenue from major products and services

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

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Sales of petroleum	14,097	24,171
Interest income from money lending business*	17,870	25,971
Interest income from debt instruments at fair value through other comprehensive income ("FVTOCI")*	10,142	9,316
Dividend and interest income from financial assets at fair value through profit or loss ("FVTPL")	340	1,102
	<u>42,449</u>	<u>60,560</u>

\* Under effective interest method

During the year, revenue from sales of petroleum is recognised at a point in time. Revenue from sales of petroleum is recognised once the control of the crude oil is transferred from the Group to the customer. Revenue is measured based on the oil price agreed with the customer at the point of sales. Dividend income and interest income fall outside the scope of HKFRS 15.

This is consistent with the revenue information disclosed for each operating segment.

### 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) Money lending
- (iii) 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 2020

	<b>Petroleum exploration and production</b>	<b>Money lending</b>	<b>Investment in securities</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Segment revenue</b>				
External sales/sources	<u>14,097</u>	<u>17,870</u>	<u>10,482</u>	<u>42,449</u>
<b>Results</b>				
Segment results before reversal (provision) of expected credit loss ("ECL")	(2,647)	17,286	1,191	15,830
Reversal (provision) of ECL	<u>–</u>	<u>12,232</u>	<u>(4,574)</u>	<u>7,658</u>
Segment results	<u>(2,647)</u>	<u>29,518</u>	<u>(3,383)</u>	<u>23,488</u>
Other income and losses, net				9,563
Corporate expenses				(23,792)
Loss on disposal of subsidiaries				(515)
Finance costs				<u>(166)</u>
Profit before tax				8,578
Income tax expense				<u>(440)</u>
Profit for the year				<u>8,138</u>

For the year ended 31 December 2019

	Petroleum exploration and production <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	24,171	25,971	10,418	60,560
	<u>24,171</u>	<u>25,971</u>	<u>10,418</u>	<u>60,560</u>
<b>Results</b>				
Segment results before (provision) reversal of impairment loss and ECL	(4,233)	25,963	(21,516)	214
Provision of impairment loss	(42,377)	–	–	(42,377)
(Provision) reversal of ECL	–	(61,703)	56	(61,647)
	<u>–</u>	<u>(61,703)</u>	<u>56</u>	<u>(61,647)</u>
Segment results	(46,610)	(35,740)	(21,460)	(103,810)
	<u>(46,610)</u>	<u>(35,740)</u>	<u>(21,460)</u>	<u>(103,810)</u>
Other income and losses, net				(1,555)
Provision of impairment loss of property, plant and equipment and right-of-use assets				(4,929)
Corporate expenses				(26,794)
Finance costs				(239)
				<u>(239)</u>
Loss before tax				(137,327)
Income tax expense				(772)
				<u>(772)</u>
Loss for the year				(138,099)
				<u>(138,099)</u>

Segment results represent the loss incurred/profit earned by each segment without allocation of certain other income and losses, net, corporate expenses, loss on disposal of subsidiaries, finance costs, income tax expense and certain provision of impairment loss of property, plant and equipment and right-of-use assets.

### Geographical information

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

Information about the Group's revenue from external customers/sources is presented based on the 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	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Argentina	14,097	24,171	–	85
Hong Kong	25,537	31,322	3,508	940
The PRC	2,815	5,067	–	–
	<u>42,449</u>	<u>60,560</u>	<u>3,508</u>	<u>1,025</u>

*Note:* Non-current assets excluded debt instruments at FVTOCI and loan and interest receivables.

### Information about major customers

Revenue from customer of petroleum exploration and production business contributing over 10% of the total revenue of the Group for the corresponding years are as follows:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	<u>13,740</u>	<u>24,171</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Bank interest income	741	627
Government grant ( <i>Note (i)</i> )	867	–
Overprovision of accrued expenses ( <i>Note (ii)</i> )	6,088	–
Exchange gains (losses), net	2,506	(2,120)
Loss on disposal of property, plant and equipment	(35)	–
Others	(7)	(116)
	<u>10,160</u>	<u>(1,609)</u>

*Notes:*

- (i) During the current year, the Group recognised government grants in respect of COVID-19-related subsidies that relates to Employment Support Scheme provided by the Hong Kong government.
- (ii) The amount represents the overprovision of legal and professional expenses which were related to a possible acquisition in 2012 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 during the current year.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Net unrealised loss on financial assets at FVTPL ( <i>Note (i)</i> )	1,751	27,876
Net realised loss on disposal of financial assets at FVTPL ( <i>Note (ii)</i> )	7,432	4,860
	<u>9,183</u>	<u>32,736</u>

*Notes:*

- (i) The amount represents the change in the fair values of the securities acquired during the year 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 year as compared to the fair values of the financial assets at FVTPL held by the Group at 31 December 2020 and 2019.
- (ii) The amount represents the change in the fair values of the securities acquired during the year and/or the carrying amount of the securities brought forward from the prior financial year after accounting for additional acquisition of the securities (if any) during the year as compared to the fair values of the financial assets at FVTPL disposed of upon disposal.

**7. Provision of impairment loss of property, plant and equipment and right-of-use assets**

	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision of impairment loss of property, plant and equipment	–	43,777
Provision of impairment loss of right-of-use assets	–	3,529
	<u>–</u>	<u>47,306</u>
	<u>–</u>	<u>47,306</u>

**8. Loss on disposal of subsidiaries**

In December 2020, the Group disposed of its entire equity interests in four subsidiaries incorporated in Hong Kong or the PRC to an independent third party.

	<i>HK\$'000</i>
<b>Consideration received:</b>	
Consideration received in cash	20,000
	<u>20,000</u>
<b>Assets and liabilities of the disposed subsidiaries at the date of disposal:</b>	
Property, plant and equipment	420
Intangible assets	420
Loan and interest receivables	19,697
Bank balances and cash	159
Trade and other payables	(181)
	<u>20,515</u>
Net assets disposed of	20,515
<b>Loss on disposal of a subsidiary:</b>	
Consideration received	20,000
Net assets disposed of	(20,515)
	<u>(515)</u>
Loss on disposal	(515)
	<u>(515)</u>
<b>Net cash inflow arising on disposal:</b>	
Cash consideration	20,000
Less: bank balances and cash disposed of	(159)
	<u>19,841</u>
	<u>19,841</u>

**9. Finance costs**

	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on lease liabilities	<u>166</u>	<u>239</u>
	<u>166</u>	<u>239</u>

## 10. Income tax expense

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Tax charge for the year comprises:		
Current tax		
Hong Kong	502	155
The PRC	125	678
Argentina		
– Withholding tax paid on interest income from a group entity	–	300
	<u>627</u>	1,133
Overprovision in prior year		
Hong Kong	–	(70)
The PRC	(718)	(54)
	<u>(718)</u>	(124)
Deferred tax	<u>531</u>	(237)
Income tax expense recognised in profit or loss	<u><u>440</u></u>	<u><u>772</u></u>

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, 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.

The Argentina withholding tax on the interest income received from an Argentinean subsidiary by the Group was calculated at 35% on such income for the year ended 31 December 2019. No withholding tax was paid for the year ended 31 December 2020.

## 11. Profit (loss) for the year

Profit (loss) for the year has been arrived at after charging:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Depreciation of property, plant and equipment	221	4,553
Depreciation of right-of-use assets	<u>1,196</u>	<u>4,002</u>
Total depreciation	<u>1,417</u>	<u>8,555</u>
Staff costs		
– directors' emoluments	2,117	3,055
– other staff costs	10,808	11,848
– other staff retirement benefits schemes contributions (excluding directors)	<u>1,289</u>	<u>1,670</u>
Total staff costs	<u>14,214</u>	<u>16,573</u>
Auditor's remuneration	850	2,400
Professional and consultancy fees	<u>8,780</u>	<u>5,337</u>

## 12. Dividends

No dividend was paid or proposed for the years ended 31 December 2020 and 2019, nor has any dividend been proposed since the end of the reporting periods.

## 13. Earnings (loss) per share

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Profit (loss):</b>		
Profit (loss) for the year attributable to owners of the Company for the purpose of calculating basic earnings (loss) per share	<u>8,519</u>	<u>(138,099)</u>
	<i>2020</i> <i>'000</i>	<i>2019</i> <i>'000</i>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	<u>5,240,344</u>	<u>5,240,344</u>

For the year ended 31 December 2020, the diluted earnings per share attributable to owners of the Company was not presented since all the outstanding share options were lapsed on 4 May 2020 and thus there were no dilutive potential ordinary shares in issue.

For the year ended 31 December 2019, the diluted loss per share attributable to owners of the Company was not presented since the assumed exercise of the Company's share options would result in a decrease in loss per share attributable to owners of the Company.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Listed investments, at fair value:		
– Debt securities listed in Hong Kong or Singapore with fixed interests ranging from 4.70% to 11.75% (2019: 4.70% to 11.75%) per annum and maturity dates ranging from 12 February 2022 to 28 June 2025 (2019: 19 July 2020 to 28 June 2025)	<b>132,198</b>	141,826
Analysed as:		
Current portion	<b>2,213</b>	18,804
Non-current portion	<b>129,985</b>	123,022
	<b>132,198</b>	141,826

At 31 December 2020 and 2019, debt instruments at FVTOCI were stated at fair values which were determined based on the quoted market closing prices available on the Hong Kong Stock Exchange or Singapore Stock Exchange.

Provision of ECL of HK\$4,574,000 was recognised for the current year (2019: reversal of ECL of HK\$56,000).

**15. Loan and interest receivables**

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Fixed-rate loan receivables	<b>190,931</b>	241,365
Interest receivables	<b>20,152</b>	13,078
	<hr/>	<hr/>
	<b>211,083</b>	254,443
Less: Impairment allowance	<b>(49,701)</b>	(68,755)
	<hr/>	<hr/>
	<b>161,382</b>	185,688
	<hr/> <hr/>	<hr/> <hr/>
Analysed as:		
Current portion	<b>127,957</b>	152,688
Non-current portion	<b>33,425</b>	33,000
	<hr/>	<hr/>
	<b>161,382</b>	185,688
	<hr/> <hr/>	<hr/> <hr/>
Analysed as:		
Secured	<b>141,669</b>	158,619
Unsecured	<b>19,713</b>	27,069
	<hr/>	<hr/>
	<b>161,382</b>	185,688
	<hr/> <hr/>	<hr/> <hr/>

At 31 December 2020, the range of interest rates and maturity dates attributed to the Group's performing loan receivables were 8% to 18% (2019: 8% to 18%) per annum and from 3 July 2021 to 15 March 2022 (2019: 12 March 2020 to 15 March 2022) respectively.

The Group recognised reversal of impairment allowance of HK\$12,232,000 on loan and interest receivables for the current year (2019: provision of impairment allowance of HK\$61,703,000).

## 16. Trade and other receivables and prepayments

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables ( <i>Note (i)</i> )	1,027	1,261
Deposits and prepayments	3,465	4,693
Deposits held for petroleum exploration and production operation	1,085	1,676
Others ( <i>Note (ii)</i> )	<u>10,216</u>	<u>1,666</u>
	<u><u>15,793</u></u>	<u><u>9,296</u></u>

### *Notes:*

- (i) The oil selling price for the Argentina operation was quoted in United States dollars and converted into Argentina Peso for invoicing. The Group allowed an average credit period of 30 to 60 days. The trade receivables of HK\$1,027,000 (2019: HK\$1,261,000) were neither past due nor impaired and aged within 30 days based on the invoice date.

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

- (ii) The amount included HK\$9,101,000 (2019: HK\$1,405,000) placed with securities brokers in relation to securities trading activities in Hong Kong.

## 17. Financial assets at fair value through profit or loss

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Listed investments, at fair value:		
– Equity securities listed in Hong Kong	<u>25,097</u>	<u>37,059</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.

**18. Trade and other payables**

	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	<b>526</b>	866
Other tax payables	<b>1,249</b>	1,644
Accrued professional fees	<b>3,237</b>	10,719
Other payables and accruals	<b>3,732</b>	3,684
	<u><b>8,744</b></u>	<u>16,913</u>

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

	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	<b>526</b>	866

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

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: nil).

## **BUSINESS REVIEW**

For the year ended 31 December 2020 (“**FY2020**”), the Group continued to principally engage in the business of petroleum exploration and production, money lending and investment in securities.

The health crises brought by the continuation of the COVID-19 pandemic on a global scale had posed negative impact to many nations and their economies, and had caused significant uncertainties in the global and local investment markets and volatilities of international oil prices. During the year, the fluctuations of international oil prices were further escalated owing to the disagreement between major oil producing countries on their production cut, and different counter measures adopted by major oil buying countries on their inventory level. Against this macroeconomic backdrop, coupled with the effects of the unsettled trade disputes between China and the US and the social events took place in Hong Kong, the Group had been operating under some unprecedented market conditions.

For FY2020, the Group had managed to report a profit attributable to owners of the Company of HK\$8,519,000 (2019: loss of HK\$138,099,000), mainly due to the absence of provision of impairment loss on oil and gas properties in the current year (2019: HK\$42,333,000), the reversal of ECL on loan and interest receivables of HK\$12,232,000 (2019: provision of ECL of HK\$61,703,000), and the decrease in net loss on financial assets at FVTPL to HK\$9,183,000 (2019: HK\$32,736,000). Basic earnings per share were HK0.16 cent, versus the loss per share of HK2.64 cents in the prior year. For the year under review, the Group’s revenue declined by 30% to HK\$42,449,000 (2019: HK\$60,560,000), mainly due to the drop in revenue of the petroleum and money lending businesses.

### **Petroleum Exploration and Production**

During FY2020, the Group continued to engage in petroleum exploration and production in the Chañares Herrados area (the “**CHE Concession**”) located in the Cuyana Basin, Mendoza Province of Argentina. Chañares Energía S.A. (“**Chañares**”) was the concessionaire of the CHE Concession.

On 2 December 2010, Southstart Limited (“**Southstart**”), a wholly owned subsidiary of the Company, and Chañares entered into a joint venture agreement (“**2010 JV Agreement**”). Pursuant to the 2010 JV Agreement, among others, EP Energy S.A. (“**EP Energy**”), a wholly owned subsidiary of the Company, had the right to drill and invest in the CHE Concession and was entitled to share 72% of the hydrocarbon production from the wells drilled by EP Energy in the current and future years until the end of the CHE Concession.

On 5 June 2012, EP Energy, Have Result Investments Limited (“**Have Result**”), a wholly owned subsidiary of the Company, and Chañares entered into an operation agreement (the “**Operation Agreement**”). Pursuant to the Operation Agreement, among others, Chañares agreed to release EP Energy from the investment commitment in the 2010 JV Agreement, whereas EP Energy retained the right to drill and invest in the CHE Concession during the life of the CHE Concession. The Operation Agreement confirmed that Have Result was entitled to 51% interest on the production of five oil wells and EP Energy was entitled to 72% interest on the production of the other five oil wells.

For FY2020, the Group’s petroleum exploration and production business generated a revenue of HK\$14,097,000 (2019: HK\$24,171,000) and recorded an operating loss before provision of impairment loss of HK\$2,647,000 (2019: HK\$4,233,000). The decrease in the operation’s revenue was the combined effect of the reduction in oil produced and sold by about 28% and the drop in average crude oil selling price offered by YPF Sociedad Anonima (“**YPF S.A.**”), an Argentina state-owned oil company and the major buyer of the operation’s output, from an average of US\$50.7 per barrel in the prior year to US\$41.0 per barrel in the current year, which largely followed the downward trend of international oil prices during FY2020.

As disclosed in the Company’s announcement dated 7 April 2020, as a result of the situation brought by the outbreak of COVID-19, and the measures adopted by the national and provincial authorities in Argentina, there was a drastic reduction on the demand for fuels. Accordingly, YPF S.A. had been forced to stop and/or reduce production at their refineries and to temporarily suspend the purchase of crude oil, which thereby led to the decision of Chañares to suspend the operations in the whole Chañares Herrados concession area (the “**Chañares Concession**”) since mid April 2020, and henceforth the decrease of oil production from the CHE Concession which formed part of the Chañares Concession.

In early July 2020, following the ease off of the pandemic, the Hydrocarbons Department of Mendoza Province (the “**Hydrocarbons Department**”) advised the Group that YPF S.A. would restart the purchase of crude oil during July 2020, and as advised by Chañares, YPF S.A. had resumed the purchase of crude oil after mid July 2020 and the oil production in the Chañares Concession, including the CHE Concession, had recommenced accordingly.

As disclosed in the Company's circulars dated 12 March 2020 and 8 October 2020, the Executive of the Province of Mendoza had issued a decree in respect of the termination of the CHE Concession as Chañares had not fulfilled its investment commitment, subsequently, the Chañares Concession, of which the CHE Concession area formed part, had been made available for other investors to bid under the bidding process. The Group understood that before the successful bidder took over the Chañares Concession, Chañares could continue to operate in the CHE Concession and paid the same fees, royalties and other payments to the government under the same contractual conditions previously granted and should be able to extract and sell oil and should continue to pay fees, royalties and other payments, which logically were only payable in a context where the concessionaire was allowed to extract and sell oil. Accordingly, Chañares had continued to send to the Group the daily production reports which contained daily production and sales quantity, and monthly reports which contained production and sales quantity, selling price, sales revenue and operating expenses for calculating the profit sharing between the Group and Chañares under the Operation Agreement (except for the period when Chañares suspended the operation of the Chañares Concession referred to above). It was expected that the Group would continue to be entitled to its share of production under the Operation Agreement until the Chañares Concession was delivered to the successful bidder under the bidding process. The Group has received the daily reports up to 13 March 2021 and the monthly report up to February 2021.

As disclosed in the Company's circular dated 8 October 2020, after due evaluation of the data and information relating to the Chañares Concession, the Company intended, through its indirect wholly owned subsidiary, to submit a bid offer (the "**Bid**") for the Chañares Concession under the bidding process and the Bid was submitted on 28 October 2020 (Argentina time). The decision on winner of the bid was expected to be announced in the period from 29 November 2020 to 11 December 2020 (Argentina time).

As disclosed in the Company's announcement dated 14 December 2020, on 27 November 2020 (Argentina time), the Hydrocarbons Department issued a notice of suspension for the opening of the commercial bid of the bidders (the "**Opening**") and stated that the Opening was suspended temporarily until the finalization of the revision of the additional information provided by the Group after the submission of the Bid.

As disclosed in the Company's announcement on 22 December 2020, on 21 December 2020 (Argentina time), the Hydrocarbons Department issued a letter to the Group and stated that it had made the decision (the "**Decision**") that the indirect wholly owned subsidiary of the Company which submitted the Bid failed to be eligible as one of the bidders for the Opening mainly due to its historical earning performance could not meet the requirement of the bidding process, and the Opening would be held on 23 December 2020 at noon (Argentina time). On the same day, the Group submitted an appeal letter (the "**Appeal Letter**") to the Hydrocarbons Department objecting against the Decision and requested for the suspension of the Opening.

As disclosed in the Company's announcements dated 12 March 2021, 15 March 2021 and 16 March 2021, on 11 March 2021 (Argentina time), the Group received from the Hydrocarbons Department a decree issued by the Ministry of Economy and Energy of the Mendoza Government, Argentina (the "**Decree**") which stated that the Chañares Concession would be awarded to a bidder (the "**New Concessionaire**") other than the Company's indirect wholly owned subsidiary for a 25-year term from the date following the publication of the Decree in the official gazette (the "**Gazette**") of the Mendoza Province. On 12 March 2021 (Argentina time), the Decree was published in the Gazette. On 15 March 2021 (Argentina time), the Company was informed by Chañares that the New Concessionaire took over the Chañares Concession on 13 March 2021 (Argentina time).

It was stated in the Decree that the Appeal Letter objecting against the Decision was denied. The Group has been seeking legal advice on this matter and the possible legal actions to set aside the Decree.

The Group has been informed by Chañares that it will continue to take legal actions against the Mendoza Government regarding the termination of the concession and intends to take further legal actions to seek monetary compensation payable to it. The Group intends to seek legal advice on the possible legal actions to protect the interest of the Company in this regard.

The Company will publish announcement(s) to inform shareholders of any further update(s) on these matters as and when appropriate.

### **Money Lending**

For FY2020, the Group's money lending business reported decreases in revenue and operating profit (before reversal or provision of ECL) by 31% to HK\$17,870,000 (2019: HK\$25,971,000) and 33% to HK\$17,286,000 (2019: HK\$25,963,000) respectively. Such decreases were mainly due to the lower average amount of loans advanced to borrowers during the current year. Before granting loans to potential borrowers, the management performs internal credit assessment process to assess the borrowers' credit quality individually and defines the credit limits granted to the borrowers. The credit limits granted to the borrowers are reviewed by the management regularly. During FY2020, the management has adopted a prudent approach in granting new loans in view of the negative impact on the Hong Kong economy owing to the continuation of COVID-19.

For the year under review, a reversal of ECL of HK\$12,232,000 (2019: provision of ECL of HK\$61,703,000) was recognised which represented the net sum of the recovery from certain credit-impaired loans of HK\$33,958,000 and the provision of ECL of HK\$21,726,000 during the year. At the year end, the balance of impairment allowance was HK\$49,701,000 (2019: HK\$68,755,000), 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 collaterals pledged to the Group, and the prevailing economic conditions. The Group has taken various actions for recovery of the credit-impaired loans.

At 31 December 2020, the loans portfolio held by the Group amounted to HK\$161,382,000 (after ECL allowance of HK\$49,701,000) (2019: HK\$185,688,000 (after ECL allowance of HK\$68,755,000)) with details as follows:

Category of borrowers	Approximate weighting to the carrying amount of the Group's loan portfolio			Interest rate per annum	Maturity
	Secured %	Unsecured %	Total %		
Corporate	16.88	–	16.88	10-18	Within one year
Corporate	20.45	0.26	20.71	8-10	More than one year but within two years
Individual	50.46	11.95	62.41	10-18	Within one year
	<u>87.79</u>	<u>12.21</u>	<u>100.00</u>		

At 31 December 2020, 87.79% (2019: 85.42%) of the carrying amount of the loan portfolio (after impairment allowance) was collateral loans with the remaining 12.21% (2019: 14.58%) being unsecured.

## **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 macro-economic 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 prospect, industry and macro-economic 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 2020, the Group's securities investments comprised a financial asset at FVTPL portfolio valued at HK\$25,097,000 (2019: HK\$37,059,000), comprising equity securities listed in Hong Kong, and debt instrument at FVTOCI portfolio (constituted by non-current and current portions) valued at HK\$132,198,000 (2019: HK\$141,826,000), comprising debt securities listed in Hong Kong or Singapore. As a whole, the Group's securities investments recorded a revenue of HK\$10,482,000 (2019: HK\$10,418,000) and a loss of HK\$3,383,000 (2019: HK\$21,460,000).

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

At 31 December 2020, the Group held a financial asset at FVTPL portfolio amounting to HK\$25,097,000 (2019: HK\$37,059,000) measured at market/fair value. For FY2020, the portfolio generated revenue of HK\$340,000 representing dividends from equity securities (2019: HK\$1,102,000, representing dividends from equity securities of HK\$935,000 and interest income from debt securities of HK\$167,000). The Group recognised a net loss on financial assets at FVTPL of HK\$9,183,000 (2019: HK\$32,736,000) for the year, which comprised net unrealised loss and net realised loss of HK\$1,751,000 and HK\$7,432,000 (2019: HK\$27,876,000 and HK\$4,860,000) respectively.

The realised loss recorded during the year represented the loss on disposal of equity securities in open market and the unrealised loss represented the decrease in market value of those equity securities held by the Group at the year end. The losses incurred were largely related to the volatile conditions of the Hong Kong stock market subsisting during FY2020, which in turn related to the continuation of the COVID-19 pandemic, the unsettled trade disputes between China and the US, the social events took place in Hong Kong, and the declining financial performance of some of the investee companies. The Group had adopted a prudent and disciplined approach in managing its financial asset at FVTPL portfolio in view of the significant market volatilities during the year.

At 31 December 2020, the Group invested in different categories of companies and their weightings to the market/fair value of the Group's financial asset at FVTPL portfolio of HK\$25,097,000 are as below:

<b>Category of companies</b>	<b>Approximate weight to the market/fair value of the Group's financial asset at FVTPL portfolio</b> %
Conglomerate	3.98
Pharmaceutical	52.62
Property	31.69
Others	11.71
	<hr style="width: 100%; border: 0.5px solid black;"/>
	100.00
	<hr style="width: 100%; border: 1.5px solid black;"/>

At 31 December 2020, the weightings of the Group's top three and other investments to the market/fair value of the Group's financial asset at FVTPL portfolio of HK\$25,097,000 (together with other information) are as below:

Investee company's name	Approximate	Approximate	% of	* Acquisition	* Acquisition	Market/fair	Accumulated	Unrealised gain	Dividend
	weighting to the	weighting to the							
	market/fair	carrying	interest	Acquisition	year/carrying	value at	(loss) recognised	(loss) recognised	recognised
	value of the	amount of the		costs	amount at	31 December	up to	during the	during the year
	Group's	Group's		HK\$'000	1 January	2020	31 December	year ended	ended
	financial asset	total assets at			2020		2020	31 December	31 December
	at FVTPL	31 December			2020		2020	2020	2020
	portfolio	2020			2020		2020	2020	2020
	%	%	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				A	B	C	D = C - A	E = C - B	
Austar Lifesciences Limited (HKEX stock code: 6118)	51.44	2.71	0.41	10,106	10,311	12,911	2,805	2,600	-
Emperor International Holdings Limited (HKEX stock code: 163)	31.69	1.67	0.20	17,667	12,508	7,953	(9,714)	(4,555)	339
Elegance Optical International Holdings Limited (HKEX stock code: 907)	9.47	0.50	1.09	10,159	1,241	2,376	(7,783)	1,135	-
Others	7.40	0.39	-	4,414	2,788	1,857	(2,557)	(931)	1
	<u>100.00</u>	<u>5.27</u>		<u>42,346</u>	<u>26,848</u>	<u>25,097</u>	<u>(17,249)</u>	<u>(1,751)</u>	<u>340</u>

\* The amount represented the costs of the securities acquired during the year ended 31 December 2020 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 financial year.

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

At 31 December 2020, the Group's debt instrument at FVTOCI portfolio (constituted by non-current and current portions) of HK\$132,198,000 (2019: HK\$141,826,000) was measured at market/fair value. During FY2020, the Group's debt instrument at FVTOCI portfolio generated total revenue amounting to HK\$10,142,000 (2019: HK\$9,316,000) representing interest income from debt securities. According to the maturity of the debt instruments, part of the debt instruments at FVTOCI of HK\$2,213,000 (2019: HK\$18,804,000) was classified as current assets.

During FY2020, the Group invested HK\$7,903,000 for acquiring debt securities issued by a property company listed on the Hong Kong Stock Exchange. At the year end, a net fair value loss on debt instruments at FVTOCI amounting to HK\$885,000 was recognised as other comprehensive expense (2019: fair value gain on debt instruments at FVTOCI of HK\$9,340,000 as other comprehensive income) and provision of ECL on debt instruments at FVTOCI of HK\$4,574,000 was recognised in profit or loss (2019: reversal of ECL on debt instruments at FVTOCI of HK\$56,000). The fair value loss was primarily due to fluctuations of market conditions. The provision of ECL was determined by reference to credit rating, probability of default and loss given default of the debt instruments, the macroeconomic factors affecting each issuer, and the forward-looking information that is reasonably and supportably available to the Group.

At 31 December 2020, the Group invested in debt securities issued by an aircraft leasing company and seven property companies and their respective weightings to the market/fair value of the Group's debt instruments at FVTOCI portfolio of HK\$132,198,000 (together with other information) are as below:

Category of companies	Approximate weighting to the market/fair value of the Group's debt instruments at FVTOCI portfolio %	Approximate weighting to the carrying amount of the Group's total assets at 31 December 2020 %	Yield to maturity on acquisition date %	Acquisition cost HK\$'000	* Acquisition costs during the year/ carrying amount at 1 January 2020 HK\$'000	Market/fair value at 31 December 2020 HK\$'000	Accumulated fair value loss recognised up to 31 December 2020 HK\$'000	Fair value loss recognised during the year ended 31 December 2020 HK\$'000
				A	B	C	D = C - A	E = C - B
<i>Debt securities listed in Hong Kong or Singapore</i>								
Aircraft leasing	10.93	3.04	4.93	15,444	14,744	14,455	(989)	(289)
Property	89.07	24.75	5.26 – 12.50	120,497	118,935	117,743	(2,754)	(1,192)
	<u>100.00</u>	<u>27.79</u>		<u>135,941</u>	<u>133,679</u>	<u>132,198</u>	<u>(3,743)</u>	<u>(1,481)</u>

\* The amount represented the costs of the securities acquired during the year ended 31 December 2020 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 financial year.

The yield to maturity on acquisition of the debt securities which were held by the Group at the year end ranging from 4.93% to 12.50% per annum.

## **Overall Results**

For FY2020, the Group reported a profit attributable to owners of the Company of HK\$8,519,000 (2019: loss of HK\$138,099,000) that was mainly due to the reversal of ECL on loan and interest receivables of HK\$12,232,000, though partly offset by the provision of ECL on debt instruments at FVTOCI of HK\$4,574,000, and the increase in other expenses that mainly related to the professional fees incurred for the evaluation and preparation of documentations for the bidding process of the Chañares Concession. The Group recorded a total comprehensive income attributable to owners of the Company of HK\$15,983,000 (2019: total comprehensive expense of HK\$131,157,000) which included an exchange gain of HK\$3,886,000 on translation of foreign operations (2019: loss of HK\$2,014,000).

## **FINANCIAL REVIEW**

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

During FY2020, 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\$308,845,000 (2019: HK\$312,217,000) and liquid assets comprising bank balances and cash as well as financial assets at FVTPL totaling HK\$159,724,000 (2019: HK\$129,459,000). The Group's current ratio, calculated based on current assets over current liabilities of HK\$14,196,000 (2019: HK\$25,321,000), was at a liquid level of about 21.8 (2019: 12.3). The Group has been actively exploring investment opportunities in natural resources exploration and production, and is preserving its cash resources for the potential investment opportunities.

At 31 December 2020, the Group's total assets increased to HK\$475,763,000 (2019: HK\$469,264,000). The Group's gearing ratio, calculated on the basis of total liabilities of HK\$16,265,000 (2019: HK\$25,368,000) divided by total assets, was at a low level of about 3% (2019: 5%). Finance costs represented the imputed interest on lease liabilities of HK\$166,000 for the year (2019: HK\$239,000).

At 31 December 2020, the equity attributable to owners of the Company amounted to HK\$459,879,000 (2019: HK\$443,896,000) and was equivalent to an amount of approximately HK8.78 cents (2019: HK8.47 cents) per share of the Company. The increase in equity attributable to owners of the Company of HK\$15,983,000 was mainly due to profit earned during the year and the exchange gain arising on translation of foreign operations.

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.

## **EVENTS AFTER THE REPORTING PERIOD**

As disclosed in the Company's announcements dated 12 March 2021, 15 March 2021 and 16 March 2021 and as referred to above, on 11 March 2021 (Argentina time), the Group received the Decree which stated that the Chañares Concession would be awarded to the New Concessionaire other than the Company's indirect wholly owned subsidiary, and on 15 March 2021 (Argentina time), the Company was informed by Chañares that the New Concessionaire took over the Chañares Concession on 13 March 2021 (Argentina time).

It was stated in the Decree that the Appeal Letter submitted by the Group objecting against the Decision of the Hydrocarbons Department was denied. The Group has been seeking legal advice on this matter and the possible legal actions to set aside the Decree.

The Group has been informed by Chañares that it will continue to take legal actions against the Mendoza Government regarding the termination of the concession and intends to take further legal actions to seek monetary compensation payable to it. The Group intends to seek legal advice on the possible legal actions to protect the interest of the Company in this regard.

## **PROSPECTS**

As disclosed in the Company's circular dated 12 March 2020, after due evaluation of the data and information relating to the Chañares Concession (of which the Group's interest in the CHE Concession formed part), the Company intended, through its indirect wholly owned subsidiary in Argentina, to submit a bid offer for the Chañares Concession under a bidding process. Further, as referred to in the Company's announcements dated 27 March 2020, 29 March 2020, 30 June 2020 and 7 September 2020, for various reasons, the Company's shareholders' meeting to approve the submission of the bid offer had been adjourned and the timeline of the bidding process had been delayed.

As disclosed in the Company's announcement dated 7 October 2020, after due evaluation of the prevailing market conditions including the international oil price of Brent crude oil and the latest information of the Chañares Concession, the Company intended, through its indirect wholly owned subsidiary in Argentina, to submit a revised bid offer for the Chañares Concession under the revised timeline of the bidding process. The proposed submission of the revised bid offer and the transactions contemplated thereunder, as set out in the Company's circular dated 8 October 2020, were duly approved by the Company's shareholders on 27 October 2020 and the revised bid offer was submitted by the Group accordingly on 28 October 2020 (Argentina time).

References are made to the Company's announcements dated 14 December 2020, 22 December 2020, 12 March 2021, 15 March 2021 and 16 March 2021, on 11 March 2021 (Argentina time), for various reasons, the Group received a decree which stated that the Chañares Concession would be awarded to a new concessionaire other than the Company's indirect wholly owned subsidiary in Argentina, and on 15 March 2021 (Argentina time), the Company was informed by Chañares that a new concessionaire took over the Chañares Concession on 13 March 2021 (Argentina time).

The Group has been seeking legal advice and the possible legal actions to protect its interest in this matter. Announcement(s) will be made to inform shareholders of any updates of this matter as and when appropriate.

In spite of the issues above, the Group has been actively exploring other investment opportunities in natural resources exploration and production, including an oilfield project in Canada. Announcement(s) will be made to inform shareholders as and when there is further material development of this project.

On a macroeconomic basis, there are signs that the recent launch of vaccination program in Hong Kong and many countries including the US, the UK, Japan and Korea have eased the global pandemic situation and pave the way for the economies to fully reactivate. In particular, there are indicators that the China's economy is on the recovery path with notable improvements in economic and market conditions following the stabilisation of its pandemic situation. China achieved a positive GDP growth in 2020 and Hong Kong is well positioned to continue to benefit from the nation's sustainable economic growth. Nevertheless, it is difficult to predict the evolution and duration of the pandemic, the Group's management will thus continue to adopt a prudent approach in managing the Group's businesses and in seizing business and investment opportunities.

## **CORPORATE GOVERNANCE**

The Company has complied with all the applicable provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2020, except for the following deviations with reasons as explained:

### **Chairman and chief executive**

#### *Code Provision A.2.1*

Code Provision A.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 A.2.1 of the CG Code during the year ended 31 December 2020. Mr. Liu Zhiyi (“**Mr. Liu**”), a former Executive Director of the Company, had served both roles of the chairman and chief executive officer until 30 June 2020. Following the resignation of Mr. Liu on 30 June 2020, 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.

### **Effective communication**

#### *Code Provision E.1.2*

Code Provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting.

### *Deviation*

The former Chairman of the Board, Mr. Liu, was unable to attend the annual general meeting of the Company held on 26 June 2020 as he had other important business engagement. However, Mr. Sue Ka Lok, an Executive Director of the Company, had chaired the meeting 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 2020 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 2020 as set out 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 2021. 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 Hong Kong Institute of Certified Public Accountants 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 2020, 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 2021

*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.*