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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)

**UNAUDITED FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

For the reasons explained under the paragraph headed “Review of Unaudited Final Results” below, the auditing process for the final results of EPI (Holdings) Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) has not been completed. In the meantime, the Board of Directors (the “**Board**”) of the Company announces the unaudited consolidated results of the Group for the year ended 31 December 2019 together with comparative figures as follows:

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

For the year ended 31 December 2019

	<i>Notes</i>	2019 <i>HK\$’000</i> (Unaudited)	2018 <i>HK\$’000</i> (Audited)
Revenue	3	60,560	71,419
Sales of petroleum		24,171	43,998
Interest income		35,287	26,369
Others		1,102	1,052
Purchases, processing and related expenses		(18,858)	(29,017)
Other income and losses, net	5	(1,609)	(577)
Net loss on financial assets at fair value through profit or loss	6	(32,736)	(80,636)
Expected credit loss on loan and interest receivables and debt instruments at fair value through other comprehensive income		(61,647)	(6,008)
Provision of impairment loss of property, plant and equipment and right-of-use assets	7	(47,306)	(3,383)
Wages, salaries and other benefits		(16,573)	(13,768)
Depreciation		(8,555)	(6,657)

* *For identification purpose only*

	<i>Notes</i>	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> <i>(Audited)</i>
Gain on redemption of debt instruments at fair value through other comprehensive income		328	–
Loss on disposal of debt instruments at fair value through other comprehensive income		–	(610)
Net fair value changes on derivative component of convertible notes		–	(24,370)
Other expenses		(10,692)	(16,488)
Finance costs	8	(239)	(4,992)
Loss before tax		(137,327)	(115,087)
Income tax expense	9	(772)	(140)
Loss for the year attributable to owners of the Company	10	(138,099)	(115,227)
Other comprehensive income (expense) <i>Items that may be reclassified subsequently to profit or loss:</i>			
Net fair value gain (loss) on debt instruments at fair value through other comprehensive income		9,284	(13,583)
Release on disposal of debt instruments at fair value through other comprehensive income		–	610
Release on redemption of debt instruments at fair value through other comprehensive income		(328)	–
Exchange differences on translation of foreign operations		(2,014)	(4,631)
Other comprehensive income (expense) for the year, net of income tax		6,942	(17,604)
Total comprehensive expense for the year attributable to owners of the Company		(131,157)	(132,831)
Loss per share attributable to owners of the Company			
– Basic	12	HK(2.64) cents	HK(2.26) cents

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	<i>Notes</i>	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Non-current assets			
Exploration and evaluation assets	<i>13</i>	–	–
Property, plant and equipment	<i>14</i>	605	47,951
Right-of-use assets		–	–
Intangible asset		420	–
Debt instruments at fair value through other comprehensive income	<i>15</i>	123,022	115,708
Loan and interest receivables	<i>16</i>	33,000	–
Other tax recoverables		–	315
		<hr/>	<hr/>
Total non-current assets		157,047	163,974
Current assets			
Debt instruments at fair value through other comprehensive income	<i>15</i>	18,804	14,622
Loan and interest receivables	<i>16</i>	152,688	251,652
Trade and other receivables and prepayments	<i>17</i>	9,296	12,780
Other tax recoverables		881	1,230
Income tax recoverable		1,089	–
Financial assets at fair value through profit or loss	<i>18</i>	37,059	71,816
Bank balances and cash		92,400	83,593
		<hr/>	<hr/>
Total current assets		312,217	435,693
Current liabilities			
Trade and other payables	<i>19</i>	16,913	19,126
Income tax payable		4,796	5,204
Lease liabilities		3,612	–
		<hr/>	<hr/>
Total current liabilities		25,321	24,330
Net current assets		<hr/> 286,896 <hr/>	<hr/> 411,363 <hr/>
Total assets less current liabilities		<hr/> 443,943 <hr/>	<hr/> 575,337 <hr/>
Non-current liability			
Deferred tax liabilities		47	284
		<hr/>	<hr/>
Net assets		<hr/> 443,896 <hr/>	<hr/> 575,053 <hr/>
Capital and reserves			
Share capital		52,403	52,403
Reserves		391,493	522,650
		<hr/>	<hr/>
Total equity		<hr/> 443,896 <hr/>	<hr/> 575,053 <hr/>

Notes:

1. Significant accounting policies

The unaudited 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 unaudited 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 “**Stock Exchange**”) and by the Hong Kong Companies Ordinance. The unaudited 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 unaudited 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 new and amendments to HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over income tax treatments
Amendments to HKFRS 9	Prepayment features with negative compensation
Amendments to HKAS 19	Plan Amendment, curtailment or settlement
Amendments to HKAS 28	Long-term interests in associates and joint ventures
Amendments to HKFRSs	Annual improvements to HKFRSs 2015 - 2017 cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial position and performance for the current and prior years and/or on the disclosures set out in the unaudited consolidated financial statements.

2.1 HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 “Leases” (“**HKAS 17**”), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) - Int 4 “Determining whether an arrangement contains a lease” and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

At 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied for lease on properties located in Hong Kong, the People's Republic of China (the "PRC") and Argentina are ranging from 1.38% to 5.0% per annum.

	At 1 January 2019 HK\$'000 (Unaudited)
Operating lease commitments disclosed at 31 December 2018	8,417
Lease liabilities discounted at relevant incremental borrowing rates	7,821
Less: Leases with lease term ending within 12 months from the date of initial application	(176)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	<u>7,645</u>
Analysed as:	
Current portion	4,211
Non-current portion	<u>3,434</u>
	<u>7,645</u>

The carrying amount of right-of-use assets for own use at 1 January 2019 comprises the following:

	At 1 January 2019 <i>HK\$'000</i> (Unaudited)
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	7,645
By class:	
Buildings	7,645

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

Impact on the unaudited consolidated statement of financial position

	Carrying amounts previously reported at 31 December 2018 <i>HK\$'000</i> (Audited)	Adjustments <i>HK\$'000</i> (Unaudited)	Carrying amounts under HKFRS 16 at 1 January 2019 <i>HK\$'000</i> (Unaudited)
Non-current asset			
Right-of-use assets	–	7,645	7,645
Current liability			
Lease liabilities	–	4,211	4,211
Non-current liability			
Lease liabilities	–	3,434	3,434

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:

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Sales of petroleum	24,171	43,998
Interest income from money lending business*	25,971	16,814
Interest income from debt instruments at fair value through other comprehensive income ("FVTOCI")*	9,316	9,555
Dividend and interest income from financial assets at fair value through profit or loss ("FVTPL")	1,102	1,052
	60,560	71,419

* Under effective interest method

During the year, revenue is recognised at a point in time except for dividend income and interest income which fall outside the scope of HKFRS 15.

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.

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 of the Company, 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 2019

	Petroleum exploration and production <i>HK\$'000</i> (Unaudited)	Money lending <i>HK\$'000</i> (Unaudited)	Investment in securities <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue				
External sales/sources	<u>24,171</u>	<u>25,971</u>	<u>10,418</u>	<u>60,560</u>
Results				
Segment results before provision of impairment loss and expected credit loss ("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)
Segment results	<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				<u>(239)</u>
Loss before tax				(137,327)
Income tax expense				<u>(772)</u>
Loss for the year				<u><u>(138,099)</u></u>

For the year ended 31 December 2018

	Petroleum exploration and production <i>HK\$'000</i> (Audited)	Money lending <i>HK\$'000</i> (Audited)	Investment in securities <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Segment revenue				
External sales/sources	43,998	16,814	10,607	71,419
Results				
Segment results before provision of impairment loss and ECL	2,921	16,406	(71,167)	(51,840)
Provision of impairment loss	(3,383)	–	–	(3,383)
Provision of ECL	–	(5,613)	(395)	(6,008)
Segment results	(462)	10,793	(71,562)	(61,231)
Other income and losses, net				(1,257)
Corporate expenses				(23,237)
Net fair value changes on derivative component of convertible notes				(24,370)
Finance costs				(4,992)
Loss before tax				(115,087)
Income tax expense				(140)
Loss for the year				(115,227)

Segment results represent the loss incurred/profit earned by each segment without allocation of certain other income and losses, net, certain impairment loss of property, plant and equipment and right-of-use assets, corporate expenses, net fair value changes on derivative component of convertible notes, finance costs and income tax expense.

Geographical information

The Group's operations are located in Argentina, Hong Kong and 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 (Note)	
	Year ended 31 December		At 31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Argentina	24,171	43,998	85	46,168
Hong Kong	31,322	21,863	940	258
The PRC	5,067	5,558	–	1,525
	<u>60,560</u>	<u>71,419</u>	<u>1,025</u>	<u>47,951</u>

Note: Non-current assets excluded debt instruments at FVTOCI, loan and interest receivables and other tax recoverables.

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 is as follows:

	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Customer A	<u>24,171</u>	<u>43,998</u>

5. Other income and losses, net

	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Bank interest income	627	662
Interest and other income from a securities broker	1	276
Exchange losses, net	(2,120)	(2,157)
Others	<u>(117)</u>	<u>642</u>
	<u>(1,609)</u>	<u>(577)</u>

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

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Net unrealised loss on financial assets at FVTPL (<i>Note (i)</i>)	27,876	55,237
Net realised loss on disposal of financial assets at FVTPL (<i>Note (ii)</i>)	4,860	25,399
	32,736	80,636

Notes:

(i) 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 as of 31 December 2019 and 2018.

(ii) 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

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Provision of impairment loss of property, plant and equipment	43,777	3,383
Provision of impairment loss of right-of-use assets	3,529	–
	47,306	3,383

8. Finance costs

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Interest on lease liabilities	239	–
Interest on convertible notes	–	4,992
	239	4,992

9. Income tax expense

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Tax charge for the year comprises:		
Current tax		
Hong Kong	155	2,461
The PRC	678	749
Argentina		
– Withholding tax paid on interest income from a group entity	300	560
	1,133	3,770
(Over) underprovision in prior year		
Hong Kong	(70)	277
The PRC	(54)	–
	(124)	277
Deferred tax	(237)	(3,907)
Income tax expense recognised in profit or loss	772	140

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.

Argentina withholding tax on interest income received from an Argentinean subsidiary by the Group was calculated at 35% on such income for both years.

10. Loss for the year

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Loss for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	4,553	6,657
Depreciation of right-of-use assets	4,002	–
Total depreciation	8,555	6,657
Staff costs		
– directors' emoluments	3,055	3,109
– other staff costs	11,848	9,551
– other staff's retirement benefit schemes contributions (excluding directors)	1,670	1,108
Total staff costs	16,573	13,768
Auditor's remuneration	2,400	2,200
Professional and consultancy fees	5,337	6,618

11. Dividends

No dividend was paid or proposed for the years ended 31 December 2019 and 2018, nor has any dividend been proposed since the end of the reporting periods.

12. 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.

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Loss:		
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share	(138,099)	(115,227)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	5,240,344	5,103,586

The diluted loss per share for the years ended 31 December 2019 and 2018 are not presented since the assumed exercise of the Company's share options would result in a decrease in loss per share.

13. Exploration and evaluation assets

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Cost		
At 1 January and 31 December	<u>3,778,574</u>	<u>3,778,574</u>
Impairment		
At 1 January and 31 December	<u>3,778,574</u>	<u>3,778,574</u>
Carrying values		
At 1 January	<u>–</u>	<u>–</u>
At 31 December	<u>–</u>	<u>–</u>

Exploration and evaluation assets are related to the oil exploration rights in the Chañares Herrados Area (“**CHE Area**”) and Puesto Pozo Cercado Area (“**PPC Area**”) (together the “**Concessions**”) in the Cuyana Basin, Mendoza Province of Argentina, covering a total surface area of approximately 40.0 and 169.4 square kilometres, respectively.

The Concessions were awarded to Chañares Energía S.A. (formerly known as Chañares Herrados Empresa de Trabajos Petroleros S.A.) (“**Chañares**”), the concessionaire. The terms of the Concessions are 25 years commencing from 24 September 1992 and 26 June 1992, respectively, with the possibility of obtaining a 10-year extension under certain conditions.

In 2011, Chañares obtained an extension of 10 years from the date of expiry of the original term of the Concessions under a decree dated 30 June 2011 issued by the Executive of the Province of Mendoza.

At 31 December 2015, based on prevailing available information on oil price forecast, investment costs and operating costs, the Group considered the future development of the investment plan on the Concessions using methods of breakeven analysis and investment return analysis and concluded that it was not economically feasible to drill any new wells. Given the nature of the Group's activities, information on the fair value of the exploration and evaluation assets was difficult to obtain unless negotiation with potential purchasers were taking place such that no reliable fair value information in the market could be found. Therefore, in the opinion of the directors of the Company, the exploration and evaluation assets were fully impaired during the year ended 31 December 2015. At 31 December 2016, the Group reconsidered the future development of the investment plan on the Concessions and concluded that no well drilling programme would be launched.

As disclosed in the announcement of the Company dated 15 August 2017, the Group was notified by Chañares that the Executive of the Province of Mendoza had published a decree on 9 August 2017 declaring the lapse of the concession in respect of the PPC Area by 30 October 2017, of which the exploration and evaluation assets in respect of the Group's right over the hydrocarbon production was fully impaired during the year ended 31 December 2015. The Group was also notified by Chañares that the concession in respect of the CHE Area would be extended until 14 November 2027.

At 31 December 2017 and 31 December 2018, the Group reconsidered the future development of the investment plan on the concession in respect of the CHE Area (the “**CHE Concession**”) and concluded that no further well drilling programme would be launched.

As disclosed in the announcement of the Company dated 24 May 2019, the Group was notified by Chañares that the Executive of the Province of Mendoza had issued a decree (the “**Decree**”) in respect of the termination of the CHE Concession as Chañares had not fulfilled its investment commitment. The Decree did not state the effective date of the termination of the CHE Concession but stated that the CHE Concession would be made available for other investors to invest and operate under a formal bidding process to be conducted (the “**Bidding Process**”). Accordingly, in view of the forthcoming termination of the CHE Concession, the Group had not reconsidered the future development of the investment plan on the CHE Concession.

14. Property, plant and equipment

At 31 December 2019, the Group carried out a review of the recoverable amount of its oil and gas properties and other property, plant and equipment and provision of impairment loss of HK\$42,333,000 (unaudited) (2018: HK\$3,383,000 (audited)) and HK\$1,444,000 (unaudited) (2018: nil (audited)) were recognised respectively.

15. Debt instruments at fair value through other comprehensive income

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Listed investments, at fair value:		
– Debt securities listed in Hong Kong or overseas with fixed interests ranging from 4.70% to 11.75% (2018: 4.70% to 8.75%) per annum and maturity dates ranging from 19 July 2020 to 28 June 2025 (2018: 13 February 2019 to 28 June 2025)	<u>141,826</u>	<u>130,330</u>
Analysed as:		
Current portion	18,804	14,622
Non-current portion	<u>123,022</u>	<u>115,708</u>
	<u>141,826</u>	<u>130,330</u>

At 31 December 2019 and 2018, debt instruments at FVTOCI were stated at fair values which were determined based on the quoted market closing prices available on the Stock Exchange or other recognised stock exchanges.

Reversal of ECL of HK\$56,000 (unaudited) (2018: provision of ECL of HK\$395,000 (audited)) was recognised for the current year.

16. Loan and interest receivables

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Fixed-rate loan receivables	241,365	250,997
Interest receivables	13,078	7,707
	<hr/>	<hr/>
	254,443	258,704
Less: Impairment allowance	(68,755)	(7,052)
	<hr/>	<hr/>
	185,688	251,652
	<hr/> <hr/>	<hr/> <hr/>
Analysed as:		
Current portion	152,688	251,652
Non-current portion	33,000	–
	<hr/>	<hr/>
	185,688	251,652
	<hr/> <hr/>	<hr/> <hr/>
Analysed as:		
Guaranteed (unsecured)	–	46,535
Secured	158,619	167,349
Unsecured	27,069	37,768
	<hr/>	<hr/>
	185,688	251,652
	<hr/> <hr/>	<hr/> <hr/>

17. Trade and other receivables and prepayments

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Trade receivables (<i>Note (i)</i>)	1,261	1,060
Deposits and prepayments	4,693	5,001
Deposits held for petroleum exploration and production operation	1,676	3,265
Others (<i>Note (ii)</i>)	1,666	3,454
	9,296	12,780

Notes:

- (i) The oil selling price for the Argentina operation is quoted in United States dollars (“US\$”) and converted into Argentina Peso for invoicing. The Group allows an average credit period of 30 to 60 days. The trade receivables of HK\$1,261,000 (unaudited) (2018: HK\$1,060,000 (audited)) 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 limit by customer. Limits and credit quality attributed to customers are reviewed regularly.

- (ii) The amount included HK\$1,405,000 (unaudited) (2018: HK\$2,578,000 (audited)) placed with securities brokers in relation to securities trading activities in Hong Kong.

18. Financial assets at fair value through profit or loss

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Listed investments, at fair value:		
– Equity securities listed in Hong Kong	37,059	71,816

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

19. Trade and other payables

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Trade payables	866	338
Other tax payables	1,644	3,885
Accrued professional fees	10,719	10,865
Other payables and accruals	3,684	4,038
	16,913	19,126

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

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
0 – 30 days	866	338

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 2019 (2018: nil).

BUSINESS REVIEW

For the year ended 31 December 2019, the Group continued to principally engage in the business of petroleum exploration and production, money lending and investment in securities.

Against the backdrop of the ongoing trade disputes between the United States and China, the series of social events taking place in Hong Kong and the volatile sentiments of the global and local investment markets, 2019 was a challenging year for the Group. For the year under review, the Group reported a decline in revenue by 15% to HK\$60,560,000 (unaudited) (2018: HK\$71,419,000 (audited)), mainly due to the drop in revenue of the petroleum business, and recorded a loss attributable to owners of the Company of HK\$138,099,000 (unaudited) (2018: HK\$115,227,000 (audited)), largely due to the impairment loss of the Group's oil and gas properties in Argentina of HK\$42,333,000 (unaudited) (2018: HK\$3,383,000 (audited)) and the expected credit loss on loan and interest receivables of HK\$61,703,000 (unaudited) (2018: HK\$5,613,000 (audited)).

Petroleum Exploration and Production

During the year ended 31 December 2019, the Group continued to engage in petroleum exploration and production in the CHE Concession, located in the Cuyana Basin, Mendoza Province of Argentina and Chañares is 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 (the “**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 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 retains the right to drill and invest in the CHE Concession during the life of the CHE Concession. The Operation Agreement confirmed that Have Result is entitled to 51% interest in the production of five oil wells and EP Energy is entitled to 72% interest in the production of the other five oil wells.

For the year under review, the Group's petroleum exploration and production business generated a revenue of HK\$24,171,000 (unaudited) (2018: HK\$43,998,000 (audited)) and recorded an operating loss before provision of impairment loss of HK\$4,233,000 (unaudited) (2018: operating profit of HK\$2,921,000 (audited)). The decrease in the operation's revenue was the combined effect of the drop in the average crude oil selling price offered by YPF S.A., an Argentina state-owned oil company and the buyer of the operation's output, from an average of US\$60.8 per barrel in last year to US\$50.7 per barrel in the current year, and the drop in production of crude oil by about 32%. The fall in oil prices offered by YPF S.A. during the year, which largely followed the downward trend of international oil price after reaching its peak in October 2018, were mainly resulted from, among other factors, the continuous trade disputes between the United States and China and the higher than expected oil production in the United States. Whilst the drop in the operation's crude oil production during the year was the combined results of (i) the extended maintenance works performed on two oil wells which took more than double the normal time required to complete the tasks; (ii) the natural decline of output of the Group's ten oil wells, which have been in production for over eight years; and (iii) the temporary production suspension of two oil wells pending for cost-revenue analysis, as after years of production the reserves of these oil wells have fallen to a level that it may not be economical to continue production.

As disclosed in the Company's circular dated 12 March 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 (which the CHE Concession area forms part) has been made available for other investors to bid under the Bidding Process (bids to be submitted under the Bidding Process was once scheduled to be on 1 April 2020, the Group was informed by the Hydrocarbons Department of Mendoza Province on 26 March 2020 that the bid submission date will be postponed until further notice owing to the impact of COVID-19 (as disclosed in the Company's announcement dated 27 March 2020)). The Group understands that before the successful bidder takes over the Chañares Concession, Chañares can continue to operate in the CHE Concession and pay 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 are only payable in a context where the concessionaire is allowed to extract and sell oil. Accordingly, Chañares has continued to send to the Group the daily production reports which contain daily production and sales quantity, and monthly reports which contain 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.

It is expected that the Group will continue to be entitled to its share of production under the Operation Agreement up until the Chañares Concession is delivered to the successful bidder under the Bidding Process, which was originally scheduled to be in June 2020 (the “**Expected Delivery Date**”) (the Expected Delivery Date may be delayed as the Bidding Process will be postponed as referred to above). In view of the CHE concession will be shortened from its extended expiry date in November 2027 to the Expected Delivery Date, the Group had performed an impairment review on the exploration and evaluation assets and the oil and gas properties of the CHE Concession at 31 December 2019 and determined that there was no reversal of impairment loss on the exploration and evaluation assets (which were fully impaired), whilst a provision of impairment loss of the Group’s oil and gas properties of HK\$42,333,000 (unaudited) (2018: HK\$3,383,000 (audited)) was recognised. Overall speaking, the operation recorded an overall loss of HK\$46,610,000 (unaudited) (2018: HK\$462,000 (audited)) comprising operating loss of HK\$4,233,000 (unaudited) (2018: operating profit of HK\$2,921,000 (audited)) and provision of impairment loss of HK\$42,377,000 (unaudited) (comprised provision of impairment loss on oil and gas properties and provision of impairment loss on other property, plant and equipment of HK\$42,333,000 (unaudited) (2018: HK\$3,383,000 (audited)) and HK\$44,000 (unaudited) (2018: nil (audited)) respectively.

As disclosed in the Company’s circular dated 12 March 2020, after due evaluation of the data and information relating to the Chañares Concession (which the CHE Concession area forms part), the Company intends, through its indirect wholly owned subsidiary, to submit a bid offer for the Chañares Concession under the Bidding Process. As referred to above, the Bidding Process will be delayed until further notice owing to the impact of COVID-19. Further announcements on the Bidding Process will be made by the Company as and when appropriate.

Money Lending

During the year ended 31 December 2019, the Group’s money lending business reported an increase in revenue and operating profit (before expected credit loss allowance) by 54% to HK\$25,971,000 (unaudited) (2018: HK\$16,814,000 (audited)) and 58% to HK\$25,963,000 (unaudited) (2018: HK\$16,406,000 (audited)) respectively. Such increases were mainly due to the higher average amount of loans advanced to borrowers during the year. Before granting loans to potential customers, the management uses internal credit assessment process to assess the borrower’s credit quality and defines the credit limits granted to the borrowers. The credit limits granted to the borrowers are reviewed by the management regularly. During the year under review, an expected credit loss of HK\$61,703,000 (unaudited) (2018: HK\$5,613,000 (audited)), which reflects the credit risk involved in collectability of a default loan and certain non-default loans determined under the Group’s loan impairment policy, was recognised against the loan and interest receivables. The Group is considering various actions for recovery of the default loan.

At 31 December 2019, the loans portfolio held by the Group amounted to HK\$185,688,000 (after expected credit loss allowance of HK\$68,755,000) (unaudited) (2018: HK\$251,652,000 (after expected credit loss allowance of HK\$7,052,000) (audited)) 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	27.33	3.00	30.33	10 – 18	Within 1 year
Corporate	17.77	–	17.77	8 – 10	More than 1 year but within 3 years
Individual	40.32	11.58	51.90	10 – 18	Within 1 year
	<u>85.42</u>	<u>14.58</u>	<u>100.00</u>		

As shown above, 85.42% of the loan portfolio is secured by various collaterals and the remaining 14.58% is unsecured.

Investment in Securities

The Group generally acquires securities listed on the 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 the 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 the form of trading gains.

At 31 December 2019, the Group's securities investments comprised a financial asset at FVTPL portfolio valued at HK\$37,059,000 (unaudited) (2018: HK\$71,816,000 (audited)), comprising mainly equity securities listed in Hong Kong, and debt instrument at FVTOCI portfolio (constituted by non-current and current portions) valued at HK\$141,826,000 (unaudited) (2018: HK\$130,330,000 (audited)), comprising debt securities listed in Hong Kong or overseas. As a whole, the Group's securities investments recorded a revenue of HK\$10,418,000 (unaudited) (2018: HK\$10,607,000 (audited)) and a loss of HK\$21,460,000 (unaudited) (2018: HK\$71,562,000 (audited)).

Financial assets at FVTPL

At 31 December 2019, the Group held a financial asset at FVTPL portfolio amounting to HK\$37,059,000 (unaudited) (2018: HK\$71,816,000 (audited)) measured at market/fair value. During the year under review, the portfolio generated revenue of HK\$1,102,000 (unaudited) representing dividends from equity securities of HK\$935,000 (unaudited) and interest income from debt securities of HK\$167,000 (unaudited) (2018: HK\$1,052,000 (audited), representing dividends from equity securities). The Group recognised a net loss on financial assets at FVTPL of HK\$32,736,000 (unaudited), which comprised net unrealised loss and net realised loss of HK\$27,876,000 (unaudited) and HK\$4,860,000 (unaudited) respectively (2018: net loss of HK\$80,636,000 (audited), which comprised net unrealised loss and net realised loss of HK\$55,237,000 (audited) and HK\$25,399,000 (audited) respectively).

The realised loss recorded during the year represented the loss on disposal of equity securities in open market and the unrealised loss mainly represented the decrease in market value of those equity securities held by the Group at the year end. The losses incurred were largely a result of the volatile conditions of the Hong Kong stock market subsisting during the year, which in turn related to the continuous trade disputes between the United States and China and the series of social events taking place in Hong Kong, and the declining financial performance of some of the investee companies. The Group has adopted a prudent and disciplined approach in managing its financial asset at FVTPL portfolio in view of the significant market fluctuations during the year.

At 31 December 2019, 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\$37,059,000 (unaudited) are as below:

Category of companies	Approximate weighting to the market/fair value of the Group's financial asset at FVTPL portfolio %
Conglomerate	29.79
Education	12.25
Game publishing and service	17.54
Property	34.92
Others	5.50
	100.00

At 31 December 2019, the weightings of the Group's top five and other investments to the market/fair value of the Group's financial asset at FVTPL portfolio of HK\$37,059,000 (unaudited) (together with other information) are as below:

Company name	Approximate weighting to the market/fair value of the Group's financial asset at FVTPL portfolio %	Approximate weighting to the carrying amount of the Group's total assets at 31 December 2019 %	% of shareholding interest %	Acquisition costs HK\$'000	* Acquisition costs during the year/ carrying amount at 1 January 2019 HK\$'000	Market/fair value at 31 December 2019 HK\$'000	Accumulated unrealised gain (loss) recognised up to 31 December 2019 HK\$'000	Unrealised gain (loss) recognised during the year ended 31 December 2019 HK\$'000	Dividend income recognised during the year ended 31 December 2019 HK\$'000
				A	B	C	D = C - A	E = C - B	
Emperor International Holdings Limited (HKEX stock code: 163)	34.92	2.76	0.20	18,278	13,838	12,940	(5,338)	(898)	733
FingerTango Inc. (HKEX stock code: 6860)	17.54	1.39	0.53	24,976	18,085	6,502	(18,474)	(11,583)	-
Austar Lifesciences Limited (HKEX stock code: 6118)	17.31	1.37	0.24	6,197	6,197	6,416	219	219	-
China E-Information Technology Group Limited (HKEX stock code: 8055)	12.25	0.97	1.13	8,989	10,610	4,541	(4,448)	(6,069)	-
Life Healthcare Group Limited (HKEX stock code: 928)	9.66	0.76	1.49	19,583	9,470	3,581	(16,002)	(5,889)	-
Others	8.32	0.66	-	19,826	6,735	3,079	(16,747)	(3,656)	202
	<u>100.00</u>	<u>7.91</u>		<u>97,849</u>	<u>64,935</u>	<u>37,059</u>	<u>(60,790)</u>	<u>(27,876)</u>	<u>935</u>

* The amount represented the costs of the securities acquired during the year ended 31 December 2019 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 2019, the Group's debt instrument at FVTOCI portfolio (constituted by non-current and current portions) of HK\$141,826,000 (unaudited) (2018: HK\$130,330,000 (audited)) was measured at market/fair value. During the year under review, the Group's debt instrument at FVTOCI portfolio generated total revenue amounting to HK\$9,316,000 (unaudited) (2018: HK\$9,555,000 (audited)) representing interest income from debt securities. According to the maturity of the debt instruments, part of the debt instruments at FVTOCI of HK\$18,804,000 (unaudited) was classified as current assets.

During the year under review, the Group invested HK\$13,840,000 (unaudited) for acquiring debt securities issued by a property company listed on the Stock Exchange.

At the year end, a net fair value gain on debt instruments at FVTOCI amounting to HK\$9,284,000 (unaudited) was recognised as other comprehensive income (2018: net fair value loss of HK\$13,583,000 (audited) recognised as other comprehensive expense). Such fair value gain on debt instruments held by the Group was mainly a result of the general reduction in market interest rates during the current year, which caused the market value of debt instruments held by the Group to rise.

At 31 December 2019, 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\$141,826,000 (unaudited) (together with other information) are as below:

Category of companies	Approximate weighting to the market/fair value of the Group's debt instrument at FVTOCI portfolio %	Approximate weighting to the carrying amount of the Group's total assets at 31 December 2019 %	Yield to maturity on acquisition %	Acquisition costs HK\$'000	* Acquisition costs during the year/ carrying amount at 1 January 2019 HK\$'000	Market/ fair value at 31 December 2019 HK\$'000	Accumulated fair value loss recognised up to 31 December 2019 HK\$'000	Fair value gain recognised during the year ended 31 December 2019 HK\$'000
					A			
Aircraft leasing	10.40	3.14	4.93	15,444	13,562	14,744	(700)	1,182
Property	89.60	27.08	5.26 - 12.50	128,084	118,818	127,082	(1,002)	8,264
	<u>100.00</u>	<u>30.22</u>		<u>143,528</u>	<u>132,380</u>	<u>141,826</u>	<u>(1,702)</u>	<u>9,446</u>

Debt securities listed in Hong Kong or overseas

Aircraft leasing	10.40	3.14	4.93	15,444	13,562	14,744	(700)	1,182
Property	89.60	27.08	5.26 - 12.50	128,084	118,818	127,082	(1,002)	8,264
	<u>100.00</u>	<u>30.22</u>		<u>143,528</u>	<u>132,380</u>	<u>141,826</u>	<u>(1,702)</u>	<u>9,446</u>

* The amount represented the costs of the securities acquired during the year ended 31 December 2019 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 debt securities which were held by the Group at the year end ranging from 4.93% to 12.50% per annum.

Overall Results

For the year ended 31 December 2019, the Group reported a loss attributable to owners of the Company of HK\$138,099,000 (unaudited) (2018: HK\$115,227,000 (audited)) that was mainly resulted from the expected credit loss on loan and interest receivables of HK\$61,703,000 (unaudited), provision of impairment loss of property, plant and equipment of the Argentina petroleum operation of HK\$42,377,000 (unaudited) and the net loss on financial assets at FVTPL of HK\$32,736,000 (unaudited). Basic loss per share was HK2.64 cents (unaudited) and increased by 17% when compared to last year (2018: HK2.26 cents (audited)).

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

During the year ended 31 December 2019, 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\$312,217,000 (unaudited) (2018: HK\$435,693,000 (audited)) and liquid assets comprising bank balances and cash as well as financial assets at FVTPL totaling HK\$129,459,000 (unaudited) (2018: HK\$155,409,000 (audited)). The Group's current ratio, calculated based on current assets over current liabilities of HK\$25,321,000 (unaudited) (2018: HK\$24,330,000 (audited)), was at very liquid level of about 12.3 (2018: 17.9).

At 31 December 2019, the Group's net assets decreased by 23% to HK\$443,896,000 (unaudited) (2018: HK\$575,053,000 (audited)) was mainly a result of the loss incurred for the year. The Group's gearing ratio, calculated on the basis of total liabilities of HK\$25,368,000 (unaudited) (2018: HK\$24,614,000 (audited)) divided by total assets of HK\$469,264,000 (unaudited) (2018: HK\$599,667,000 (audited)), was at a very low level of about 5% (2018: 4%). Finance costs represented interest on lease liabilities of HK\$239,000 (unaudited) for the current year whilst finance cost in last year represented the effective interest on convertible notes issued in April 2017 (2018: HK\$4,992,000 (audited)).

At 31 December 2019, the equity attributable to owners of the Company amounted to HK\$443,896,000 (unaudited) (2018: HK\$575,053,000 (audited)) and was equivalent to an amount of approximately HK8.47 cents (unaudited) (2018: HK10.97 cents (audited)) per share of the Company. The decrease in equity attributable to owners of the Company of HK\$131,157,000 (unaudited) was mainly a result of the loss incurred by the Group during 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

As stated in the Company's circular dated 12 March 2020 (the "**Circular**"), after due evaluation of the data and information relating to the Chañares Concession (which the CHE Concession area forms part), the Company intends, through its indirect wholly owned subsidiary in Argentina, to submit a bid offer for the Chañares Concession under the Bidding Process. The Directors considered that the submission of the bid offer presents a valuable investment opportunity to acquire a valuable petroleum asset which facilitates the development of the Group's petroleum exploration and production business. The Bidding Process was originally scheduled to be commenced on 1 April 2020, but owing to the impact of COVID-19, on 26 March 2020, the local government authority in Argentina informed the Group that the Bidding Process will be delayed until further notice. Back on 25 March 2020, the competent person who prepared the Competent Person's Report contained in the Circular also informed the Group that the valuation opinion is no longer valid to be used as there has been a significant drop in the international oil price since 9 March 2020. As a result, the special general meeting originally scheduled to be held on 30 March 2020 to approve the proposed transaction contemplated under the bid offer is also delayed. The Company will provide shareholders updates on this matter as and when appropriate.

Although the easing of tension of the trade disputes between the United States and China since the signing of the first phase trade deal in January 2020 is expected to give a positive boost to international oil prices, the global outbreak of the COVID-19 pandemic has posed great threats to many nations and their economies, and has created significant uncertainties in global and local investment markets and volatilities of international oil prices. To prevent the spread of the virus, many countries including China, United States, United Kingdom, France, Italy and Spain have imposed measures to restrict social activities and shut down their borders by different extent which adversely affected their economies. Investors are worried that there will be slowdown of growth in major economies including United States and China or even a global recession with the result that market sentiments, including international oil prices, are very volatile.

The business outlook of the Group for 2020 is challenging as uncertainties of the macro environment, particularly due to the COVID-19 pandemic, have dampened business and investor confidence. It is difficult to predict the evolution and duration of the pandemic, but hopefully it should come to an end one day. Looking forward, the management will adopt a prudent approach in managing the Group's businesses and will diligently consider to, subject to the prevailing market conditions when the Bidding Process commences and other applicable conditions, participate in the Bidding Process.

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the circular of the Company dated 12 March 2020, the Company intends, through its indirect wholly owned subsidiary, to submit a bid offer for the Bidding Process. At the reporting date, the Bidding Process has not yet commenced.

The outbreak of the COVID-19 pandemic that is affecting many nations, the global and local investment and credit markets and the international oil prices has adverse impact on the Group's operations. The directors of the Company considered it is difficult to predict the evolution and duration of the pandemic and that at the reporting date, the extent of its impact to the Group's operation cannot be reliably quantified or estimated. The management will continue to closely monitor the situation and will take all necessary and appropriate measures to reduce the impact of the pandemic to the Group.

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 2019, 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

There has been a deviation from the Code Provision A.2.1 during the year ended 31 December 2019 due to Mr. Liu Zhiyi, an Executive Director of the Company, has served both roles of the chairman and the chief executive officer. The Board believes that vesting the roles of chairman and chief executive officer in the same person provides the Company with strong and consistent leadership in the development and execution of long-term business strategy.

Effective communications

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 Chairman of the Board, Mr. Liu Zhiyi, was unable to attend the annual general meeting of the Company held on 21 June 2019 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.

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

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF UNAUDITED FINAL RESULTS

The auditing process for the final results for the year ended 31 December 2019 has not been completed due to restrictions in force in parts of China and Argentina to combat the COVID-19 outbreak. The unaudited final results contained herein have not been agreed by the Company's auditor. An announcement relating to the audited final results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The unaudited final results contained herein have been reviewed by the Audit Committee and have been duly approved by the Board under the recommendation of the Audit Committee.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will make further announcement(s) in relation to the audited final results for the year ended 31 December 2019 as agreed by the Company's auditor and the material differences (if any) as compared with the unaudited final results contained herein. In addition, the Company will make further announcement as and when necessary if there is other material development in relation to the completion of the auditing process. The Company expects the audit process will be completed on or before 3 April 2020.

By Order of the Board
EPI (Holdings) Limited
Liu Zhiyi

Chairman and Chief Executive Officer

Hong Kong, 30 March 2020

At the date of this announcement, the Board comprises four Executive Directors, namely Mr. Liu Zhiyi (Chairman and Chief Executive Officer), Mr. Sue Ka Lok, Mr. Yiu Chun Kong and Mr. Chan Shui Yuen; one Non-executive Director, namely Mr. Suen Cho Hung, Paul; and three Independent Non-executive Directors, namely Mr. Pun Chi Ping, Ms. Leung Pik Har, Christine and Mr. Kwong Tin Lap.