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Crowe (HK) CPA Limited

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Private and Confidential

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16 April 2025

The Board of Directors
Energy International Investments Holdings Limited
Units 4307-08, Office Tower
Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

Dear Sirs

Energy International Investments Holdings Limited (the “Company”)

We refer to the circular dated 16 April 2025 (the “**Circular**”) in connection with the proposed major and connected transaction involving acquisition of the Target Company indirectly holding 29.83% of the Common Equity Interest in Shundong Port, a copy of which is attached and initialled by us on its front cover for the identification purposes. Capitalised terms used herein shall have the same meanings as those defined in the Circular, unless the context otherwise specifies.

We hereby consent to the issue of the Circular with the inclusion of (1) our accountant’s report of Shundong Port; (2) our report on the unaudited pro forma financial information of the Enlarged Group; and (3) our report on the Profit Forecast underlying the valuation of the Investment Property, and the references to our name in the form and context in which they are included.

It should be noted that we have not performed audit or review on the Group’s consolidated financial statements for any period subsequent to 31 March 2024. This consent should not be construed as in any way updating or refreshing the auditor’s report on the Group’s consolidated financial statements for the year ended 31 March 2025 nor do we accept responsibility for such report beyond that owed to those to whom the report was addressed by us at the date of its issue.

Yours faithfully
For and on behalf of
Crowe (HK) CPA Limited



Roy Chan
Partner

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in Energy International Investments Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, the licensed securities dealer or registered institution or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Energy International Investments Holdings Limited.



ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED

能源國際投資控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 353)

**MAJOR AND CONNECTED TRANSACTION
ACQUISITION OF THE TARGET COMPANY INDIRECTLY HOLDING
29.83% OF THE COMMON EQUITY INTEREST
IN A NON-WHOLLY OWNED SUBSIDIARY**

Financial Adviser



Shenwan Hongyuan Capital (H.K.) Limited

SIGNED FOR IDENTIFICATION
PURPOSES ONLY

By 

Date **16 APR 2025**

Crowe (HK) CPA Limited

Terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 6 to 24 of this circular.

The Company has obtained a written approval for the Sale and Purchase Agreement and the Acquisition contemplated thereunder pursuant to Rule 14.44 of the Listing Rules from Cosmic Shine which directly holds 575,431,372 Shares, representing approximately 53.25% of the issued share capital of the Company. Accordingly, no general meeting will be held to approve the Sale and Purchase Agreement and the Acquisition contemplated thereunder pursuant to Rule 14.44 of the Listing Rules. This circular is being despatched to the Shareholders for information only.

16 April 2025

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor Group pursuant to the terms and conditions of the Sale and Purchase Agreement
“APAC” or “Valuer”	APAC Asset Valuation and Consulting Limited, an independent valuer
“associate”	has the meaning ascribed to it under the Listing Rules
“Board” or “Board of Directors”	the board of directors of the Company
“Business Day(s)”	day on which banks in Hong Kong are open for normal banking business (excluding Saturdays, Sundays, public holidays and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted in Hong Kong)
“Business Valuation Report”	the report on the appraised value of 29.83% of the Common Equity Interest in Shundong Port as at 31 January 2025 prepared by the Valuer dated 8 April 2025, the full text of which is set out in Appendix V to this circular
“BVI”	the British Virgin Islands
“Common Equity Interest”	the equity interest held by ordinary shareholders of Shundong Port that confers voting right and ordinary dividend right
“Company”	Energy International Investments Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange with stock code 353
“Completion”	Completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement

DEFINITIONS

“Completion Date”	the date of Completion, which shall be any Business Day falling within the period of five (5) Business Days after all the conditions precedent under the Sale and Purchase Agreement have been fulfilled or satisfied (unless otherwise waived), or such later date as the Purchaser and the Vendor Group may otherwise agree
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the sum of HK\$300 million (equivalent to approximately RMB276.17 million) to be paid by the Purchaser to the Vendor Group for the Sale Shares
“Cosmic Shine”	Cosmic Shine International Limited, a company incorporated in the BVI and legally and beneficially owned as to 50% by Mr. Cao Sheng (an executive Director and the chairman of the Board), 20% by Mr. Liu (an executive Director and the chief executive officer of the Company) and 30% by Mr. Hu Xiaoliang
“Crowe”	Crowe (HK) CPA Limited, the reporting accountants of the Company
“Director(s)”	the director(s) of the Company
“DWPT”	deadweight port tonnage, which refers to the maximum deadweight tonnage that a port can accommodate for vessels
“Enlarged Group”	the Group as enlarged by the Acquisition upon Completion
“Group”	the Company and its subsidiaries
“HK SPV”	HONGKONG YINGX CO., LIMITED (香港盈信有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Investment Property”	the liquid chemical berth Nos. 1–6 and other relevant ancillary facilities in Dongying Port owned by Shundong Port
“Latest Practicable Date”	10 April 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Long Stop Date”	31 October 2025, or any other later date as may be agreed by the Purchaser and the Vendor Group in writing, being the last day on which the Completion shall take place
“Office Building”	the office building located at No. 3 of The Yellow River Delta International Plaza of Dongying City owned by Shundong Port
“PRC” or “China”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Preferred Equity Interest”	the equity interest held by preferred shareholders of Shundong Port subject to the Special Arrangements with the Preferred Shareholders. For details, please refer to the section headed “The Sale and Purchase Agreement – Subject of the Acquisition – Shareholding Structure of Shundong Port” in the Letter from the Board in this circular
“Properties”	the Investment Property and the Office Building
“Properties Valuation Reports”	the reports on the appraised value of the Properties as at 31 January 2025 prepared by the Valuer dated 8 April 2025, the full text of which is set out in Appendix VI to this circular
“Purchaser”	Mission Achiever Limited, an international company incorporated in Samoa and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Sale and Purchase Agreement”	the sale and purchase agreement dated 8 April 2025 entered into among the Purchaser, the Vendor Group and the Target Company in relation to the Acquisition
“Sale Shares”	100 shares of the Target Company which represents 100% of the total issued share capital of the Target Company
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shandong Yican”	Shandong Yican Port Co., Ltd.* (山東逸燦港務有限公司), a company incorporated in the PRC with limited liability which directly holds 44.83% of the Common Equity Interest in Shundong Port as at the Latest Practicable Date
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shenwan Hongyuan”	Shenwan Hongyuan Capital (H.K.) Limited (申萬宏源融資(香港)有限公司), a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, being the financial adviser to the Company in relation to the Acquisition
“Shundong Port”	Shandong Shundong Port Services Company Limited* (山東順東港務有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company as at the Latest Practicable Date. Shareholders of Shundong Port are classified into ordinary shareholders and preferred shareholders where the former hold the Common Equity Interest while the latter hold the Preferred Equity Interest
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	FAITH UP VENTURES LIMITED (信立創投有限公司), a company incorporated in the BVI with limited liability
“Target Group”	the Target Company and its subsidiary, namely the HK SPV

DEFINITIONS

“Valuation Reports”	the Business Valuation Report and the Properties Valuation Reports
“Vendor”	HUANG Yu Han (黃于涵), an individual and a merchant
“Vendor Group”	Shandong Yican and the Vendor, who is the nominee of Shandong Yican
“%”	per cent

For the purpose of this circular, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the exchange rate of RMB1.0000 to HK\$1.0863. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

** For identification purpose only*

LETTER FROM THE BOARD



ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED

能源國際投資控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 353)

Executive Directors:

Mr. Cao Sheng (*Chairman*)
Mr. Liu Yong (*Chief Executive Officer*)
Mr. Chan Wai Cheung *Admiral*
Mr. Luo Yingnan
Ms. Wang Yiren

Independent Non-executive Directors:

Mr. Tang Qingbin
Mr. Fung Nam Shan
Mr. Sung Ka Woon

Registered Office:

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head Office and Principal Place of
Business in Hong Kong:*

Units 4307-08, Office Tower
Convention Plaza
1 Harbour Road, Wanchai
Hong Kong

16 April 2025

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
ACQUISITION OF THE TARGET COMPANY INDIRECTLY HOLDING
29.83% OF THE COMMON EQUITY INTEREST
IN A NON-WHOLLY OWNED SUBSIDIARY**

INTRODUCTION

Reference is made to the announcement of the Company dated 8 April 2025 in relation to the Acquisition. On 8 April 2025 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendor Group and the Target Company, pursuant to which, the Vendor Group has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 100% of the total issued share capital of the Target Company at a consideration of HK\$300 million (equivalent to approximately RMB276.17 million) on a debt-free basis.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further information on the Sale and Purchase Agreement and the Acquisition contemplated thereunder; and (ii) other information as required under the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date

8 April 2025

Parties

- (a) Mission Achiever Limited (as the Purchaser);
- (b) Shandong Yican and the Vendor (together, as the Vendor Group); and
- (c) the Target Company.

Subject of the Acquisition

Pursuant to the Sale and Purchase Agreement, the Vendor Group has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 100% of the total issued share capital of the Target Company on a debt-free basis.

The Vendor Group consists of Shandong Yican and the Vendor. The Vendor is a nominee of Shandong Yican. As of the Latest Practicable Date, Shandong Yican is one of the registered shareholders of Shundong Port, holding 44.83% of the Common Equity Interest in Shundong Port. Pursuant to the nominee arrangement (the “**Yican Nominee Arrangement**”) between the Vendor and Shandong Yican, Shandong Yican agreed to transfer 29.83% of the Common Equity Interest in Shundong Port to the HK SPV. The HK SPV is a wholly-owned subsidiary of the Target Company. By virtue of the Yican Nominee Arrangement, Shandong Yican is the ultimate beneficial owner of the Target Group. As at the Latest Practicable Date, the Target Company and the HK SPV are in the process of liaising with Shandong Yican to complete the aforesaid transfer, which is agreed by parties to the Sale and Purchase Agreement as a condition precedent to the Sale and Purchase Agreement. For details, please see “– Conditions Precedent” below.

LETTER FROM THE BOARD

Confirmation from Shandong Yican

In view of the Yican Nominee Arrangement, the Company has requested Shandong Yican to be a party to the Sale and Purchase Agreement to safeguard the Company's interest in the Acquisition. In addition, the Company has obtained a confirmation from Shandong Yican executed by Zhang Chenlei (張琛磊), who is the legal representative, the executive director and general manager, and the largest shareholder controlling 95% equity interest in Shandong Yican, for and on behalf of Shandong Yican, pursuant to which Shandong Yican has confirmed and/or undertaken to the Company, among other things, the following matters:

- (i) Shandong Yican became acquainted with the Vendor through business. Save for the Yican Nominee Arrangement, the Vendor does not have any other relationship (whether familial, friendly, or otherwise sharing common interests) with Shandong Yican, its shareholders or ultimate beneficial owners;
- (ii) Shandong Yican is fully aware of, consents to and authorises the Vendor to proceed with the Acquisition. The Vendor therefore has full capacity and sufficient authority to execute all documents related to the Acquisition (including but not limited to the Sale and Purchase Agreement, the instrument of transfer and the sold note). Shandong Yican further undertakes to the Company that the Sale and Purchase Agreement entered into by the Vendor constitutes a legal, valid, and binding obligation on both the Vendor and Shandong Yican upon execution. The Purchaser is entitled to require the Vendor and Shandong Yican to duly perform their obligations in accordance with the terms of the Sale and Purchase Agreement; and
- (iii) Shandong Yican is fully aware of, consents to and authorises the Vendor to sell 29.83% of the Common Equity Interest in Shundong Port to the Purchaser through the Acquisition. Upon Completion, the Purchaser will become the beneficial owner of 29.83% of the Common Equity Interest in Shundong Port. Shandong Yican confirms and undertakes to the Company that, upon Completion, the Purchaser's interest in Shundong Port will not be affected by the Yican Nominee Arrangement. Furthermore, the interest in Shundong Port acquired by the Purchaser through the Acquisition will be free from any encumbrances (including but not limited to any call options, liens, mortgages, pledges, nominee shareholding arrangements, or other restrictions on rights).

LETTER FROM THE BOARD

Shareholding Structure of Shundong Port

As at the Latest Practicable Date, the Company, through the Purchaser, indirectly controlled approximately 55.17% of the Common Equity Interest in Shundong Port and Shundong Port is an indirect non-wholly owned subsidiary of the Company. Set out below is the shareholding structure of Shundong Port as of the Latest Practicable Date.

No. Shareholder	Common Equity Interest percentage
<i>Ordinary shareholders</i>	
<i>The Group</i>	
1. Mid-Ocean Hong Kong Investment Limited (“Mid-Ocean”) ⁽¹⁾	46.67%
2. Guoyou Energy Trading (Shandong) Co., Ltd.* (國優能源貿易(山東)有限公司)(“Guoyou Energy”) ⁽¹⁾	8.50%
Sub-total:	55.17%
3. Shandong Yican	44.83%
Sub-total:	100%
<i>Preferred shareholders</i>	
4. Shandong Huikai Energy Trading Co., Ltd.* (山東輝開能源貿易有限公司)(“Huikai Energy”) ⁽²⁾	–
5. Shandong Huahui Trading Co., Ltd.* (山東華暉商貿有限公司) (“Huahui Trading”) ⁽²⁾	–
Total:	100%

Notes:

- (1) Each of Mid-Ocean and Guoyou Energy is an indirect wholly-owned subsidiary of the Company.

By the end of 2015, the Group obtained 51% of the Common Equity Interest in Shundong Port through capital injection of RMB104,081,633 at a consideration of RMB115 million into Shundong Port.

In 2019, an independent investor obtained 8.5% of the Common Equity Interest of Shundong Port by way of capital injection of RMB18,958,403 at a consideration of RMB70 million. Following such capital injection, the registered capital of Shundong Port increased to RMB223,040,036 and the Group’s Common Equity Interest in Shundong Port decreased from 51% to 46.67%. In the meantime, the Group entered into a concert party agreement with another shareholder of Shundong Port which held 44.83% of the Common Equity Interest therein, pursuant to which such shareholder irrevocably undertook to vote in accordance with the Group’s decisions at shareholders’ meetings of Shundong Port. As such, Shundong Port remained as a subsidiary of the Company.

LETTER FROM THE BOARD

In June 2022, the Group further acquired RMB18,958,403 of the registered capital of Shundong Port, representing 8.5% of the Common Equity Interest in Shundong Port at a consideration of RMB86 million. Immediately following such acquisition and as of the Latest Practicable Date, the Group held 55.17% of the Common Equity Interest in Shundong Port.

- (2) The preferred shareholders of Shundong Port do not hold the Common Equity Interest but only the Preferred Equity Interest subject to the Special Arrangements with the Preferred Shareholders.

In June 2020, the registered capital of Shundong Port increased by RMB180 million to RMB403,040,036, which was subscribed for by two independent investors (the “Original Preferred Shareholders”) as to RMB90 million at a consideration of RMB180 million each. The aforesaid two independent investors only acquired the Preferred Equity Interest in Shundong Port subject to the following arrangements: (a) the Preferred Equity Interest carries no voting rights, (b) the shareholders holding the Preferred Equity Interest are entitled a right to special dividend of 8% of their subscription price, on conditions that (i) Shundong Port makes a distributable profit which is more than the special dividend for the year; and (ii) Shundong Port has accumulated distributable profit which is more than the special dividend for the year, and (c) in the event of the liquidation of Shundong Port and distribution of its assets thereafter, the remaining assets of Shundong Port, after full settlement of all outstanding debts and losses (with any surplus exceeding the registered capital and capital reserve being subject to income tax in accordance with applicable laws), shall be distributed as follows: (i) where the remaining assets do not exceed the registered capital and capital reserve, such assets shall be distributed to the shareholders of Shundong Port pro rata to their respective contributions to the paid-in registered capital and capital reserve, and (ii) where the remaining assets exceed the registered capital and capital reserve, the surplus assets shall be distributed to the ordinary shareholders of Shundong Port in proportion to their rights to dividends and shall be subject to income tax in accordance with applicable laws; the preferred shareholders of Shundong Port shall not be entitled to any rights or interests in the surplus assets the liquidation process (the above, collectively the “Special Arrangements with the Preferred Shareholders”). As the Original Preferred Shareholders did not hold any voting rights in Shundong Port, the Common Equity Interest held by the Group in Shundong Port have not been diluted, remaining to be 55.17%.

In 2024, Huikai Energy and Huahui Trading acquired the Preferred Equity Interest in Shundong Port subject to the Special Arrangements with the Preferred Shareholders and became the preferred shareholders of Shundong Port. Neither Huikai Energy nor Huahui Trading holds any voting rights in Shundong Port but they are entitled to the same special dividend rights as the Original Preferred Shareholders. The Preferred Equity Interest held by the preferred shareholders of Shundong Port is perpetual in nature.

Huikai Energy is held by Wei Haisheng (魏海生) and Song Chen (宋晨) as to 90% and 10%, respectively, both of which are third parties independent of the Group and its connected person save for their Preferred Equity Interest.

Huahui Trading is held by Liu Haibo (劉海波) and Liu Ying (劉穎) as to 90% and 10%, respectively, both of which are third parties independent of the Group and its connected person save for their Preferred Equity Interest.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company, and the Company will, through the Target Company and its HK SPV, further control 29.83% of the Common Equity Interest in Shundong Port, and, through the Purchaser, control in aggregate 85% of the Common Equity Interest in Shundong Port.

LETTER FROM THE BOARD

Set out below is the shareholding structure of Shundong Port upon Completion.

No. Shareholder	Common Equity Interest percentage
<i>Ordinary shareholders</i>	
<i>The Group</i>	
1. Mid-Ocean ⁽¹⁾	46.67%
2. Guoyou Energy ⁽¹⁾	8.50%
3. HK SPV ⁽²⁾	29.83%
Sub-total:	85.00%
4. Shandong Yican	15.00%
Sub-total:	100%
<i>Preferred shareholders</i>	
5. Huikai Energy ⁽³⁾	—
6. Huahui Trading ⁽³⁾	—
Total:	100%

Notes:

- (1) Each of Mid-Ocean and Guoyou Energy is an indirect wholly-owned subsidiary of the Company.
- (2) The HK SPV will become an indirect wholly-owned subsidiary of the Company upon Completion.
- (3) Huikai Energy and Huahui Trading are the preferred shareholders of Shundong Port which do not hold any Common Equity Interest but only the Preferred Equity Interest subject to the Special Arrangements with the Preferred Shareholders.

Consideration and Payment

The total Consideration payable by the Purchaser for the Acquisition is HK\$300 million (equivalent to approximately RMB276.17 million), which will be financed by the Group's internal resources and settled by the Purchaser in cash in the following manners:

- (a) 10% of the Consideration (i.e. HK\$30 million) shall be paid by the Purchaser to Shandong Yican as a refundable deposit (the “Deposit”) within 10 Business Days after the signing of the Sale and Purchase Agreement; and

LETTER FROM THE BOARD

- (b) 90% of the Consideration (i.e. HK\$270 million) shall be paid by the Purchaser to the Vendor Group within 10 Business Days after the Completion Date.

Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor Group and is on normal commercial terms with reference to, among others, (i) the valuation in respect of 29.83% of the Common Equity Interest in Shundong Port on a controlling stake basis of approximately RMB277 million (the "Appraised Value") as at 31 January 2025 made by the Valuer based on asset-based approach as contained in the Business Valuation Report set out in Appendix V to this circular; (ii) the reasons for and benefits of the Acquisition as disclosed in the paragraph headed "Reasons for and Benefits of the Acquisition" below; and (iii) neither the Target Company nor the HK SPV has any business operation or any material assets and liabilities upon Completion (other than the investment in Shundong Port and intra-group liabilities). The Consideration approximates the Appraised Value.

As set out in the Business Valuation Report, asset-based approach was adopted as the methodology as (i) Shundong Port is principally engaged in the business of leasing of oil and liquefied chemical terminal, together with its storage and logistics facilities (i.e. the Investment Property); (ii) market approach is not considered suitable by the Valuer as lack of comparable public companies with similar holdings as Shundong Port; (iii) the cash flows generated by the Investment Property are inherently reflected in its fair value; and (iv) the asset-based approach, rather than the income approach, is typically adopted when appraising investment holding businesses that primarily own and manage investment properties, such as Shundong Port.

The Valuer is a third party independent of the Group and the Vendor Group. The Business Valuation Report is prepared in accordance with the International Valuation Standards published by the International Valuation Standards Council. The responsible officer of the Valuer signing the Business Valuation Report is a CFA charterholder and a certified FRM with 10 years of experience in handling valuations and financial modeling for financial reporting, merger and acquisition, financial derivatives, intangible assets, biological assets, mine valuations, etc.

As disclosed in the Business Valuation Report, (i) a valuation surplus of the Investment Property of approximately RMB494.38 million and an corresponding adjustment of the deferred tax liabilities arising from the change in fair value of the Investment Property of approximately RMB123.60 million; (ii) a valuation deficit of property, plant and equipment (which mainly consists of the Office Building) of approximately RMB2.15 million; and (iii) a valuation surplus of the Preferred Equity Interest of Shundong Port of approximately RMB5.00 million, were reported as at 31 January 2025, resulting in an increase of net assets value of Shundong Port of approximately RMB363.64 million from the book value of approximately RMB745.65 million to the fair value of approximately RMB1,109.29 million at 31 January 2025. The Valuer has also applied a discount for lack of marketability of 16.4% based on the 2024 Stout Restricted Stocks Studies on Determining Discount for Lack of Marketability, for discounting the fair value of Shundong Port given its privately held status as compared to publicly held companies.

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In arriving at the appraised value of 100% of the Common Equity Interest of Shundong Port, the fair value of the Preferred Equity Interest has been deducted.

Properties Valuation

The Properties owned by Shundong Port consist of the Investment Property for lease and the Office Building for self-use. The valuation on the Properties (i.e. the Investment Property and the Office Building) as at 31 January 2025 was prepared by the Valuer as set out in the Properties Valuation Reports in Appendix VI to this circular. As set out in the Properties Valuation Reports, (i) the appraised value of the Investment Property was approximately RMB1,901 million as at 31 January 2025 using income approach – income capitalisation method, as the Investment Property is mainly held by the Group for investment with rental income receivable; and (ii) the appraised value of the Office Building was approximately RMB28.5 million as at 31 January 2025 using market approach, as it is a self-used office and does not generate rental income while there is adequate comparables available for office properties.

As set out in the property valuation report in relation to the Investment Property (the **“Property Valuation Report on the Investment Property”**), the income capitalisation method provides an indication of value by converting future rental income to a current value of a property by capitalising the net rental income derived from the existing tenancies with due provision for any reversionary potential of the property at an appropriate rate.

Assumptions in the Property Valuation Report on the Investment Property

1. the lease agreement dated 12 July 2023 and the supplemental agreement dated 20 December 2024 for a term of 7 years commencing from 1 August 2023 and ending on 31 July 2030 in relation to the storage and logistics facilities on the Investment Property (the **“Port and Storage Facilities”**) (excluding 14 self-operated gas tanks (the **“Self-operated Gas Tanks”**)) will not be terminated before the expiry of the lease period;
2. the Group will continue to maintain all the necessary licenses for the self-operation of part of the Port and Storage Facilities;
3. the operation mode of the Port and Storage Facilities, including the ratio between the self-operation part and the leased out part will not materially change;
4. there will be no major changes in the existing political, legal, fiscal and economic conditions in the PRC in which the Investment Property is located;
5. there will be no major changes in the current taxation law in the PRC, that the rates of tax payable will remain unchanged and that all applicable laws and regulations will be complied with;

LETTER FROM THE BOARD

6. exchange rates, inflation rates and interest rates will not differ materially from those presently prevailing;
7. the availability of finance will not be a constraint on the forecast growth of the operations of the Port and Storage Facilities and the repayment of debts and liabilities when they fall due;
8. the Group will successfully maintain the competitiveness and utilisation of the Port and Storage Facilities after the self-operation of part of the Port and Storage Facilities;
9. the Group can keep abreast of the latest development of the industry such that its competitiveness and profitability can be sustained;
10. the Group will retain and has competent management, key personnel, and specialist team to support the ongoing operations of the Port and Storage Facilities;
11. any management changes or changes in ownership of the Group in the future will not have material adverse effects on the long-term profitability of the operations of the Port and Storage Facilities;
12. the labor market conditions will not differ materially from those presently prevailing; and
13. the covered, unexposed or inaccessible parts of the Investment Property which could not be inspected by the Valuer are assumed to be in reasonable condition.

The Directors have carefully reviewed the assumptions and discussed with the Valuer to ensure the assumptions adopted in the valuation are made with due care and consideration and in line with the market trend.

In respect of the capitalisation rate, the Valuer has made reference to market capitalisation rate derived from the recent market prices and rent information of comparable properties situated within close proximity to the Investment Property and noted that the implied market capitalisation rate, where total rental income excluded value-added tax (“VAT”) was used in the calculation, was approximately 9.8%. Due adjustment to the market capitalisation rate of these comparable properties has then been made to reflect difference between the Investment Property and these comparable properties in terms of marketability and uniqueness, and the inherent risk associated with investment in the Investment Property. An additional adjustment of 1.5% was applied to the market yield of industrial property to reflect asset-specific risk compensation, considering the non-standard industrial use nature of the Investment Property. The adjustment was determined by referencing historical yield spreads between standard industrial assets and specialised port-related assets, ensuring that the adopted rate reasonably reflects market expectations. The capitalisation rate is then adjusted by the net operating income ratio (“NOI ratio”), which is rounded at 64.3% based on the forecasted rental income and costs and

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expenses of the Investment Property from 1 February 2025 to 31 March 2030 (the “**Forecasted Financial Information**”) and represents the ratio between the net operating income (the difference between the total rental income excluded VAT and the total annual costs and expenses) and the total rental income excluded VAT. For details of the Forecasted Financial Information, please refer to page VIa-5 of Appendix VI - Properties Valuation Reports in this circular. The Forecasted Financial Information was prepared by the Company with reference to, among others, the historical financial performance of the Investment Property, the contracted rental income and the assumptions as set out in the subsection headed “Assumptions in the Property Valuation Report on the Investment Property” above in this letter. The slight increase in the NOI ratio over the period from 1 February 2025 to 31 March 2030 was mainly due to the contracted and expected increment of the rental income. Based on the above, the Directors are of the view that the adopted NOI ratio is fair and reasonable. The Directors have also obtained the details of the comparable properties from the Valuer and cross-checked (i) the calculation of the yield rates of such comparable properties; and (ii) the calculation of the capitalisation rate. In light of the above, the Directors are of the view that the capitalisation rate adopted in the valuation was arrived after due care and consideration.

The Directors noted that the appraised value of the Investment Property of approximately RMB1,901 million as at 31 January 2025 represents an increase of approximately 35.2% as compared to its fair value of approximately RMB1,406 million (equivalent to approximately HK\$1,535 million) as at 31 October 2025 as set out in the accountants’ report of Shundong Port as set out in Appendix II to this circular. As discussed with the Valuer, the increase was the result of a combined effect of upward rental income projections and a slight reduction in the capitalisation rate, both of which significantly enhanced the Investment Property’s value under the income capitalisation approach. The most notable driver of the increase is the contractually agreed rental escalations, as set out in the supplemental agreement dated 20 December 2024 entered into between Shundong Port and its single largest customer (the “**Supplemental Agreement**”) given the favourable recent and expected market conditions as described in the section headed “Reasons for and Benefit of the Acquisition” below in this letter. Pursuant to the Supplemental Agreement recently entered into, the gross monthly rental will rise from RMB9.6 million to RMB10.6 million (effective from 1 August 2026 to 31 July 2029, representing a 10% increase), and further increase to RMB11.7 million (effective from 1 August 2029 to 31 July 2030, another 10% increase). These adjustments have led to a higher projected net operating income, which directly strengthens the property’s income-generating capacity. In parallel, the capitalisation rate adopted in the valuation decreased slightly to 7.3%, based on prevailing market benchmarks. This minor downward adjustment in the capitalisation rate, combined with the upward revision in rental income, results in a compounded uplift in the implied value of the Investment Property, reflecting both stronger income expectations and market yield trends. After considering the above factors as well as the favourable recent and expected market conditions as described in the section headed “Reasons for and Benefit of the Acquisition” below in this circular, the Directors are of the view that the increase in the valuation of the Investment Property is fair and reasonable.

Based on the above, the Directors are of the view that the valuation methods including the key valuation inputs adopted in the Business Valuation Report and the Properties Valuation Reports are fair and reasonable.

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Confirmations in relation to the Profit Forecast

The Forecasted Financial Information involved in the Property Valuation Report on the Investment Property constitutes a profit forecast under Rule 14.61 of the Listing Rules (the “Profit Forecast”).

Crowe, acting as the Company’s reporting accountants, is in the opinion that, so far as the accounting policies and calculations are concerned, the Profit Forecast outlined in the Property Valuation Report on the Investment Property has been properly complied in accordance with the bases and assumptions adopted by the Directors and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. The Directors are solely responsible for the bases and assumptions described therein and the work performed by Crowe did not include any review of accounting policies adopted and assessment of the appropriateness, reasonableness or validity of bases and the assumptions on which the discounted future estimated cash flows are based and does not constitute any valuation of the Investment Property.

Shenwan Hongyuan, acting as the Company’s financial adviser, has discussed with the Directors the principal assumptions upon which the Profit Forecast was based. Shenwan has confirmed that it is satisfied that the Profit Forecast, for which the Directors are solely responsible, has been made by the Directors after due and careful enquiry.

A report from Crowe in compliance with Rule 14.60A(2) of the Listing Rules and a report from Shenwan Hongyuan in compliance with Rule 14.60A(3) of the Listing Rules are included in Appendix VII and Appendix VIII to this circular respectively.

Having considered (i) the valuation methodology adopted by the Valuer is a common practice for determining the fair values of Shundong Port and the underlying basis and assumptions are fair and reasonable; (ii) neither the Target Company nor the HK SPV has any business operation or any material assets and liabilities upon Completion (other than the investment in Shundong Port); (iii) the Consideration approximates the Appraised Value; and (iv) the reasons for the Acquisition and the expected benefits to the Company, the Directors (including the independent non-executive Directors) are of the view that the Consideration is fair and reasonable.

Conditions Precedent

Completion shall be subject to the following conditions precedent having been satisfied or otherwise waived as appropriate:

- (a) all necessary consents, confirmations, permits, approvals (including approval of the Acquisition by the directors and/or the shareholders, if required, of both parties) and authorisations under the Listing Rules and other regulatory regime having been granted to and/or obtained by the Group and the Vendor Group (collectively, the “Necessary Approvals”), and the Necessary Approvals having remained valid and effective, and not being threatened with any revocation, withdrawal, cancellation or suspension at any time prior to Completion;

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- (b) all necessary consents, approvals or waivers have been obtained from third parties or in relation to the existing contractual obligations of the parties, without which the Acquisition cannot proceed, and the aforesaid consents, approvals or waivers having not been revoked at any time prior to Completion;
- (c) the Target Group having completed the acquisition of 29.83% of the Common Equity Interest in Shundong Port, and the registration of the aforesaid acquisition with the relevant governmental departments having been completed;
- (d) the Target Group continuing normal business operation prior to Completion with no material adverse changes nor any event or fact arising that, based on reasonable judgment, could be expected to result in such material adverse changes; and
- (e) all the representations, warranties and undertakings of or by the Vendor Group and the Target Company remaining true, accurate and complete in all respects at all times from the date of the Sale and Purchase Agreement up to the Completion Date.

Save and except such conditions precedent as set out in (d) to (e) above which may be waived by the Purchaser unilaterally at any time prior to Completion, none of the other conditions precedent can be waived. Parties to the Sale and Purchase Agreement shall use their respective best endeavours to ensure that the conditions precedent (save and except such conditions precedent which has/have been waived by the Purchaser pursuant to the foregoing provisions of this clause) shall be fulfilled and/or satisfied as soon as possible after the execution of the Sale and Purchase Agreement.

As at the Latest Practicable Date, none of the above conditions precedent has been fulfilled or waived (as the case may be). In terms of condition precedent (c) above, the HK SPV and Shandong Yican are in the process of liaising with the bank for foreign exchange registration and local administration for market regulation for equity transfer and such condition precedent is expected to be completed within 60 Business Days from the Latest Practicable Date. In the event that the Completion fails to take place on or before the Long Stop Date, the Vendor Group shall return the Deposit to the Purchaser within 10 Business Days after the Long Stop Date. Given (i) deposit for a sale and purchase agreement is a normal business practice to secure the Purchaser's exclusivity and priority for the deal; and (ii) the Deposit is refundable in nature if the Completion fails to take place on or before the Long Stop Date, which is around six months from the Latest Practicable Date, the Directors are of the view that the interest-free Deposit is on normal commercial terms and is fair and reasonable.

Completion

Subject to the fulfilment and satisfaction (or waived, as the case may be) of the conditions precedent set out in the Sale and Purchase Agreement, Completion shall take place on the Completion Date.

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Upon Completion, (i) the Target Company will become an indirect wholly-owned subsidiary of the Company, (ii) the Company will, through the Target Company and its HK SPV, control 29.83% of the Common Equity Interest in Shundong Port, and (iii) the Company will, through the Purchaser, indirectly control in aggregate 85% of the Common Equity Interest in Shundong Port.

FINANCIAL INFORMATION OF SHUNDONG PORT

Set out below is the financial information of Shundong Port for the three years ended 31 March 2024 and the seven months ended 31 October 2023 and 2024 prepared in accordance with Hong Kong Financial Reporting Standards.

	For the year ended 31 March			For the seven months ended 31 October	
	2022	2023	2024	2023	2024
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Audited)
	HK\$' million	HK\$' million	HK\$' million	HK\$' million	HK\$' million
Revenue	520.57	366.76	242.23	170.91	86.07
Net profit before tax	82.52	101.39	123.84	49.92	67.06
Net profit after tax	54.77	74.50	96.45	35.82	50.31

The audited net assets value of Shundong Port as at 31 October 2024 was approximately HK\$786.34 million.

The accountants' report of Shundong Port is included in Appendix II to this circular.

Valuation Reconciliation Statement

The table below sets forth the reconciliation of the net book value of the Investment Property and the Office Building of the Properties as at 31 October 2024 contained in the accountants' report of Shundong Port as set out in Appendix II to this circular to the appraised value of the Properties as at 31 January 2025 as required under Rule 5.07 of the Listing Rules.

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(i) *The Investment Property*

	<i>HK\$'000</i>	<i>RMB'000</i>
Carrying value of the Investment Property		
as at 31 October 2024	1,535,053	1,406,112
Add: Valuation surplus	537,597	494,888
Less: Exchange difference	<u>(7,594)</u>	<u>–</u>
Market value of the Investment Property		
as at 31 January 2025	<u>2,065,056</u>	<u>1,901,000</u>

(ii) *The Office Building*

	<i>HK\$'000</i>	<i>RMB'000</i>
Carrying value of the Office Building		
as at 31 October 2024	33,461	30,650
Less: Valuation deficit	(2,336)	(2,150)
Less: Exchange difference	<u>(165)</u>	<u>–</u>
Market value of the Office Building		
as at 31 January 2025	<u>30,960</u>	<u>28,500</u>

REASONS FOR AND BENEFITS OF THE ACQUISITION

Shundong Port is the principal operating entity of the Group engaged in the businesses of leasing of oil and liquefied chemical terminal, together with its storage and logistics facilities located at Dongying Port Economic Development Zone, Shandong Province, the PRC. At the convergence of the Yellow River basin and the Bohai Sea and adjacent to Shengli Oilfield and the Dongying Petrochemical Industrial Cluster, Dongying Port serves as a core hub for oil, chemical, and LNG transportation. According to the press update published by the Department of Transportation of Shandong Province on 20 November 2024, Dongying Port is positioned to be constructed into a major port for energy and chemicals with the planning of extra four general terminals of 100,000 DWPT, two general terminals of 50,000 DWPT and two liquefied chemical terminals of 100,000 DWPT due to the increasing demand from the end users of the Dongying Port Economic Development Zone. According to a recent article published by Dongying Daily on 12 February 2025, the throughout of Dongying Port reached more than 80 million tons for the first eleven months of 2024, representing a year-on-year growth of 28.2%. The rapid industrial development in Dongying Port Economic Development Zone has soared itself to the 4th place nationwide among the top chemical industrial zones in the PRC and Dongying Port is positioned to be constructed to the modern chemical port with throughout of over 100 million tons in 2025 to cope with such rapid growth of demand from the industrial development. Leverage the

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premier location of the premise of Shundong Port in Dongying Port, the Board considers the business of Shundong Port would benefit from both the existing and future development of Dongying Port. As a result, on 20 December 2024, Shundong Port has also successfully negotiated with its principal tenant to increase the monthly rent effective from 1 August 2026.

Shundong Port has been generating steady rental income of approximately HK\$156 million, HK\$158 million, HK\$164 million and HK\$86 million for the three financial years ended 31 March 2024 (“FY2022”, “FY2023” and “FY2024” respectively) and seven months ended 31 October 2024 (“7M2024”) (collectively, the “Relevant Periods”) and recorded increased profit of approximately HK\$55 million, HK\$74 million, HK\$96 million and HK\$50 million during the Relevant Periods. Apart from the net cash used in operating activities for FY2022 of approximately HK\$81 million mainly due to the increase in trade, bills and lease receivables and decrease in trade and other payable in the trading of oil and liquefied chemical products business, Shundong Port has been generating positive operating cash flows of approximately HK\$97 million, HK\$368 million and HK\$88 million for FY2023, FY2024 and 7M2024.

Upon Completion, the Company will increase its Common Equity Interest in Shundong Port from 55.17% to 85%. Given the growing financial performance of Shundong Port and the future growing prospect of Shundong Port under the favourable market conditions as mentioned above, the Company believes that the Acquisition represents a valuable opportunity to increase its Common Equity Interest in Shundong Port, which enables the Company to retain more profit from Shundong Port to the Shareholders and entitles the Company for more dividend in the event that Shundong Port distributes dividend for Common Equity Interest. In addition, shareholders’ resolutions for, among others, increasing the registered capital in Shundong Port or amending the articles of association of Shundong Port require the consent from over two thirds of the voting from the ordinary shareholders who hold the Common Equity Interest. The Acquisition will strengthen the Company’s control of Shundong Port with more than two third of Common Equity Interest and simplifies the decision-making process in terms of, among others, equity financing or amendment of the articles of association of Shundong Port, thereby, enabling the Company to implement strategic plans that are consistent with the Group’s business objectives in a timely manner.

The Directors consider that the transactions contemplated under the Sale and Purchase Agreement and the Acquisition are on normal commercial terms and the terms of the transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group

The Company is an investment holding company. The principal activities of the Group include the leasing of oil and liquefied chemical terminal (together with its storage and logistics facilities), and the provision of agency services and trading of oil and liquefied chemical products in the PRC.

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The Purchaser

The Purchaser is an international company incorporated in Samoa and an indirect wholly-owned subsidiary of the Company. The principal business of the Purchaser is investment holding. The Purchaser is an immediate holding company of Mid-Ocean and an intermediate holding company of Guoyou Energy.

The Vendor Group

The Vendor

The Vendor is an individual and a merchant who holds the entire issued share capital of the Target Company as at the Latest Practicable Date. The Vendor is a nominee of Shandong Yican.

Shandong Yican

As of the Latest Practicable Date, Shandong Yican is one of the registered shareholders of Shundong Port, holding 44.83% of the Common Equity Interest in Shundong Port. Given the Yican Nominee Arrangement, Shandong Yican agreed to transfer 29.83% of the Common Equity Interest in Shundong Port to the HK SPV. Following such transfer, Shandong Yican will remain to be the ultimate beneficial owner of such interest held by the HK SPV in Shundong Port. Upon Completion, Shandong Yican will continue to hold 15% of the Common Equity Interest in Shundong Port. As such, both the Vendor and Shandong Yican are connected persons of the Company at the subsidiary level.

Shandong Yican is principally engaged in providing general cargo warehousing and transportation services. As of the Latest Practicable Date, Shandong Yican is held by Zhang Chenlei (張琛磊) and Xiang Hongmei (相鴻梅) as to 95% and 5%, respectively, both of which are third parties independent of the Group and its connected person save for their indirect minority interest in Shundong Port.

The Target Company

The Target Company is a company incorporated in the BVI with limited liability and an investment holding company. As at the Latest Practicable Date, (i) the Target Company is wholly owned by the Vendor, and (ii) the HK SPV is the only subsidiary of the Target Company. Neither the Target Company nor the HK SPV has any business operation.

Shundong Port

Shundong Port is the principal operating subsidiary of the Company, which owns two sea area use rights covering an aggregate area available for land-forming and reclamation construction of approximately 31.59 hectares in Dongying Port, Shandong Province, the PRC and operates the port and storage facilities it constructed under the two sea area use rights (i.e. the Investment Property) for a 50-years' period running from 13 November 2014 to 13

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November 2064 and 23 February 2016 to 22 February 2066, respectively. The Investment Property, excluding the 14 Self-operated Gas Tanks, is currently subject to a tenancy agreement with a single largest customer for a term expiring on 31 July 2030 with a current monthly rent of RMB9.6 million; and the monthly rent will increase to RMB10.6 million from 1 August 2026 and further increase to RMB11.7 million from 1 August 2029. The rental income generated from the single largest customer accounted for approximately 30.0%, 42.9%, 52.5% and 78.5% of the total revenue of Shundong Port during the Relevant Periods. The Self-operated Gas Tanks are being leased by Shundong Port directly to different end-users mainly for the periods of at least 3 months to over 1 year to generate operating income in the form of rental income. Shundong Port used to engage in trading of oil and liquefied chemical products, but such trading business has temporarily suspended during the year ended 31 March 2024 due to changes in the market dynamics, where the procurement and sales chain has become increasingly streamlined. Customers tended to purchase oil and liquefied chemical products directly from refineries, bypassing trading intermediaries, which significantly reduced the profit margins of the trading business. As a result, the Group decided to temporarily suspend its trading operations and focus its resources on strengthening Shundong Port's core business of leasing port and storage facilities.

For details of the shareholding structure of Shundong Port and information of the shareholders of Shundong Port, please refer to the paragraph headed "The Sale and Purchase Agreement – Subject of Acquisition – Shareholding Structure of Shundong Port" above.

FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, the Group will hold the entire issued share capital of the Target Company, such that the Target Group will become subsidiaries of the Company and their financial results, assets and liabilities will be consolidated into the Company's financial statements. As (i) Shundong Port is already an indirect non-wholly owned subsidiary of the Company before the Acquisition with its financial results consolidates into the financial statements of the Group; and (ii) neither the Target Company nor the HK SPV has any business operation, there will be no material financial effect resulting from the Acquisition.

The financial effects of the Acquisition on the Group (including its effect on the assets and liabilities of the Group) are illustrated by way of the unaudited pro forma financial information of the Enlarged Group set out in Appendix III to this circular as if the Completion had taken place on 30 September 2024. Assuming the Completion had taken place on 30 September 2024, the balance of non-current assets of the Group would have decreased by HK\$8,671,000; the current assets of the Group would have decreased by approximately HK\$294,830,000; the non-current liabilities of the Group would have decreased by approximately HK\$1,683,000; while the current liabilities of the Group would have slightly increased by approximately HK\$2,347,000. As a result, the Group's net assets would have decreased by approximately HK\$304,165,000 on a pro forma basis. The decrease would be mainly due to (1) payment of the Consideration of HK\$300,000,000; (2) the estimated acquisition related costs of approximately HK\$2,100,000; and (3) the recognition of exchange realignment.

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The above analyses are for illustrative purpose only and do not purport to represent how the financial performance and position of the Group will actually be after Completion.

LISTING RULES IMPLICATIONS

As the Vendor is a connected person of the Company at the subsidiary level by virtue of being an associate of HK SPV, which is in turn a substantial shareholder of Shundong Port, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (i) the Vendor is a connected person at the subsidiary level, (ii) the Board has approved the Acquisition, and (iii) the Directors (including the independent non-executive Directors) have also confirmed that the terms of the Acquisition are fair and reasonable and the Acquisition is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, the entering into of the Sale and Purchase Agreement and the Acquisition contemplated thereunder constitute a major transaction of the Company and are therefore subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Shareholders has any material interest in the Acquisition under the Sale and Purchase Agreement and therefore none of them is required to abstain from voting if a general meeting were to be convened to approve the Sale and Purchase Agreement and the Acquisition. In accordance with Rule 14.44 of the Listing Rules, the Company has obtained a written approval from Cosmic Shine which directly holds 575,431,372 Shares, representing approximately 53.25% of the issued share capital of the Company as at the Latest Practicable Date, for the Sale and Purchase Agreement and the Acquisition in lieu of holding a general meeting of the Company. As such, the Company will not convene an extraordinary general meeting to consider and approve the Sale and Purchase Agreement and the Acquisition as permitted under Rule 14.44 of the Listing Rules.

As none of the Directors is considered to have a material interest in the Acquisition, no Director is required to abstain from voting on the resolution of the Board in respect of the Acquisition.

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RECOMMENDATIONS

Having considered the reasons and benefits of the Acquisition above, the Board considers that the Sale and Purchase Agreement and the Acquisition contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests for the Company and the Shareholders as a whole. As such, if a general meeting were to be convened, the Board would recommend the Shareholders to approve the said matters.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information as set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Company for the years ended 31 March 2022, 2023 and 2024 together with the relevant notes can be found on pages 51 to 208 of the annual report of the Company for the year ended 31 March 2022, pages 54 to 204 of the annual report of the Company for the year ended 31 March 2023, and pages 53 to 188 of the annual report of the Company for the year ended 31 March 2024. Please also see below the hyperlinks to the said documents:

- The annual report of the Company for the year ended 31 March 2022:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0812/2022081201816.pdf>
- The annual report of the Company for the year ended 31 March 2023:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0731/2023073100013.pdf>
- The annual report of the Company for the year ended 31 March 2024:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0730/2024073000952.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 28 February 2025, being the latest practicable date for ascertaining information regarding this indebtedness statement, the Group had a total indebtedness of approximately HK\$433.07 million, details of which are as follows:

	<i>HK\$'000</i>
Amount due to a Director (<i>note a</i>)	2,000
Amount due to a non-controlling shareholder (<i>note b</i>)	2,050
Amount due to a Shareholder (<i>note a</i>)	5,700
Bank borrowing (<i>note c</i>)	19,510
Construction cost payables (<i>note d</i>)	21,152
Lease liabilities (<i>note e</i>)	3,287
Preferred shares (<i>note f</i>)	292,654
Promissory notes (<i>note g</i>)	86,712
	<u>433,065</u>

Notes:

- (a) The amounts due to a Director and Shareholder are unsecured, interest free and repayable on demand.
- (b) The amount due to a non-controlling shareholder is unsecured, bearing interest of 6% per annum and repayable on demand.

- (c) The bank borrowing is charged at interest of 8% per annum, guaranteed by independent third parties and is repayable on 9 February 2026.
- (d) The construction cost payables are payables to vendors and contractors in respect of the Port and Storage Facilities and are expected to be settled within one year.
- (e) The Group had outstanding lease payments in respect of the office premise and sea area use rights of approximately HK\$1.4 million and HK\$1.9 million respectively.
- (f) The preferred shares are issued by Shundong Port to two independent third parties on 4 June 2020. They are accounted for as financial liabilities at fair value through profit or loss.

The holders of the preferred shares are entitled to special dividend based on 8% of the issuance price when the following conditions are satisfied in a particular year: (i) Shundong Port made a distributable profit which is more than the special dividend for the year; and (ii) Shundong Port has accumulated distributable profit which is more than the special dividend for the year. Both profit for the year and accumulated distributable profit are determined in accordance with the PRC accounting standards. The preferred shares do not have any redemption feature or conversion feature.

- (g) The promissory notes bear interest of 4.8% per annum and are due on maturity on 16 December 2027. Interest shall accrue on the principal amount from the date of issue or vesting (whichever is later) to the date of actual repayment.

Save as disclosed above and apart from the intra-group liabilities and normal trade and other payables in the ordinary course of business of the Group, to the best knowledge of the Directors, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities as of 28 February 2025.

For the purpose of the indebtedness statement, foreign currency amounts have been converted into HK\$ at the exchange rate of RMB1.0000 to HK\$1.0839 as at 28 February 2025.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that after taking into account of present financial resources available to the Enlarged Group including internally generated funds, available credit facilities and the effect of the Acquisition, and in absence of unforeseen circumstances the Enlarged Group will have sufficient funds to meet its working capital requirements for at least the next 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS

Operation of liquid chemical terminal, storage and logistics facilities business

Since the completion of the acquisition of 51% effective interest in Shundong Port by the Group in December 2015, the Group had been proactively promoting the continual construction of the storage and logistics facilities in Dongying Port (the “**Port and Storage Facilities**”). The original design of the Port and Storage Facilities anticipated four berths for chemical tankers of 10,000 tonnage and two berths for chemical tankers of 5,000

tonnage. The construction was completed in late September 2017, and the terminal had commencing partial operation in late September 2017 and full operation in May 2018.

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

Upon the expiry of the 2020 Lease Agreement, Shundong Port entered into a short-term lease agreement (the “**Short-term Lease Agreement**”) with the Present Operator on 18 May 2023, pursuant to which Shundong Port agreed to continue to lease the whole Port and Storage Facilities to the Present Operator up to 31 July 2023 at a monthly rent of RMB12.5 million (including value-added tax).

Upon the expiry of the Short-term Lease Agreement, the Group was well prepared to re-possess and self-operate part of the Port and Storage Facilities. On 12 July 2023, Shundong Port entered into a new lease agreement (the “**New Lease Agreement**”) with the Present Operator whereby Shundong Port continued to lease the Port and Storage Facilities (with the exception of the 14 gas tanks (the “**Self-operated Gas Tanks**”) which are re-possessed and self-operated by the Group) to the Present Operator for the term commencing from 1 August 2023 (i.e. the date immediately after the expiry of the Short-term Lease Agreement) and expiring on 31 July 2028 at a monthly rent of RMB9.6 million (including value-added tax).

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

On 20 December 2024, Shundong Port entered into a supplemental agreement (the “**Supplemental Agreement**”) with the Present Operator, pursuant to which the expiry date of the New Lease Agreement was extended to 31 July 2030 and the gross monthly rent (including value-added tax) has increased from RMB9.6 million to RMB10.6 million with effect from 1 August 2026 until 31 July 2029, and has further increased to RMB11.7 million with effect from 1 August 2029 until 31 July 2030.

For the year ended 31 March 2024, the Group recorded rental income from the Port and Storage Facilities of approximately HK\$164 million and a net profit of approximately HK\$95 million.

According to a recent article published by Dongying Daily on 12 February 2025, the throughput of Dongying Port reached more than 80 million tons for the first eleven months of 2024, representing a year-on-year growth of 28.2%. The rapid industrial development in Dongying Port Economic Development Zone has soared itself to the 4th place nationwide among the top chemical industrial zones in the PRC and Dongying Port is positioned to be constructed to the modern chemical port with throughput of over 100 million tons in 2025 to cope with such rapid growth of demand from the industrial development.

Looking forward, leveraging the ample experience of the Group's specialist team, the premier location of the Port and Storage Facilities, and the increasing demand from the end users of the Dongying Port Economic Development Zone, the Company anticipates that the Port and Storage Facilities will continue to contribute significant income and profit to the Group and the Company is optimistic that its businesses will create sustained growth momentum for the Group.

Financial service business

On 17 June 2024, the Company acquired a 28% look-through effective interest in a company incorporated in the PRC with limited liability and its subsidiaries (the "**Opco Group**") in the PRC, which is principally engaged in the provision of credit assessment, fund matching and technical services for financial institutions, for a consideration of RMB200,000,000 (the "**2024 Acquisition**"). The Directors are of the view that the 2024 Acquisition would allow the Group to tap into the rapidly developing credit assessment fintech solutions market in the PRC with an established market position. By pre-agreeing with a dividend policy, the Company can benefit from investment return of the Opco Group if and when it has accumulated profits and surplus over necessary cash reserve. The Company has struck a balance between the limiting of risk associated with new investment, and the grasping of business opportunity to shift from traditional industries to "**new quality productive forces**" as promoted by the top leaders of the PRC and for the long-term sustainable development of the Group. Further details of the 2024 Acquisition were set out in the Company's announcements dated 17 June 2024 and 29 August 2024. For the period from 18 June 2024 to 30 September 2024, the Opco Group contributed approximately HK\$7 million profit to the Group. The Board believes that the Group can benefit from the diversification of its operations into the financial service industry and through better deployment of available resources, can bring values to the Group and the Shareholders as a whole.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2024, being the date to which the Group's latest published audited consolidated financial statements were made up.

The following is the text of a report received from the Company's reporting accountants, Crowe (HK) CPA Limited, Certified Public Accountants, Hong Kong for the purpose of incorporation in this circular.



國富浩華(香港)會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
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Causeway Bay, Hong Kong

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SHANDONG SHUNDONG PORT SERVICES COMPANY LIMITED TO THE BOARD OF DIRECTORS OF ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED

INTRODUCTION

We report on the historical financial information of Shandong Shundong Port Services Company Limited* (山東順東港務有限公司) ("Shundong Port") set out on pages II-5 to II-63, which comprises the statements of financial position of Shundong Port as at 31 March 2022, 2023 and 2024 and 31 October 2024, the income statements, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows of Shundong Port for each of the three years ended 31 March 2024 and the seven months ended 31 October 2024 (the "**Relevant Periods**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-5 to II-63 forms an integral part of this report, which has been prepared for inclusion in the circular of Energy International Investments Holdings Limited (the "**Company**") (the Company and its subsidiaries are collectively referred to as the "**Group**") dated 16 April 2025 (the "**Circular**") in connection with the proposed acquisition of 29.83% of the equity interest held by ordinary shareholders of Shundong Port that confers voting right and ordinary dividend right (the "**Common Equity Interest**") of Shundong Port by the Group.

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of Shundong Port is responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "*Accountants' Reports on Historical Financial Information in Investment Circulars*" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and

plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of Shundong Port, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of Shundong Port as at 31 March 2022, 2023 and 2024 and 31 October 2024, and of Shundong Port's financial performance and cash flows for each of the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information of Shundong Port which comprises the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the seven months ended 31 October 2023 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of Shundong Port are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which states that no dividend have been paid by Shundong Port in respect of the Relevant Periods.

No historical financial statements of Shundong Port

As at the date of this report, no statutory financial statements have been prepared for Shundong Port for any period of three years ended on a date three months before the issue of the Circular.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong
16 April 2025

Chan Wing Fai
Practising Certificate Number P07327

* *For identification purpose only.*

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of Shundong Port for the Relevant Periods, on which the Historical Financial Information is based, were audited by Crowe (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Hong Kong dollars ("**HK\$**") and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

APPENDIX II**ACCOUNTANTS' REPORT OF SHUNDONG PORT****INCOME STATEMENTS**

		Year ended 31 March			Seven months ended 31 October	
		2022	2023	2024	2023	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i>
Revenue	8	520,568	366,757	242,234	170,909	86,070
Cost of sales and services rendered		<u>(355,566)</u>	<u>(204,489)</u>	<u>(83,823)</u>	<u>(80,045)</u>	<u>(6,760)</u>
Gross profit		165,002	162,268	158,411	90,864	79,310
Interest revenue	9	1,417	78	2,716	720	4,361
Other income and other gains/(losses), net	10	(37,494)	(23,494)	(10,937)	(24,540)	(9,668)
Selling and distribution expenses		(14,657)	(9,403)	(2,485)	(855)	(3,247)
Administrative expenses		(15,559)	(17,144)	(22,651)	(14,908)	(7,997)
Fair value gain on investment properties	18	8,986	12,964	17,038	9,399	13,748
Finance costs	11	<u>(25,176)</u>	<u>(23,882)</u>	<u>(18,252)</u>	<u>(10,760)</u>	<u>(9,448)</u>
Profit before income tax		82,519	101,387	123,840	49,920	67,059
Income tax expenses	12	<u>(27,750)</u>	<u>(26,889)</u>	<u>(27,393)</u>	<u>(14,103)</u>	<u>(16,747)</u>
Profit for the year/period	13	<u>54,769</u>	<u>74,498</u>	<u>96,447</u>	<u>35,817</u>	<u>50,312</u>

APPENDIX II**ACCOUNTANTS' REPORT OF SHUNDONG PORT****STATEMENTS OF COMPREHENSIVE INCOME**

	Year ended 31 March			Seven months ended 31 October	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000 (unaudited)	2024 HK\$'000
Profit for the year/period	54,769	74,498	96,447	35,817	50,312
Other comprehensive income/(expenses), net of tax					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange difference on translation of financial statements	<u>15,392</u>	<u>(29,999)</u>	<u>(23,550)</u>	<u>(49,466)</u>	<u>(14,888)</u>
Total comprehensive income/(expense) for the year/period	<u><u>70,161</u></u>	<u><u>44,499</u></u>	<u><u>72,897</u></u>	<u><u>(13,649)</u></u>	<u><u>35,424</u></u>

APPENDIX II**ACCOUNTANTS' REPORT OF SHUNDONG PORT****STATEMENTS OF FINANCIAL POSITION**

		At 31 March		At 31 October	
		2022	2023	2024	2024
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Property, plant and equipment	17(a)	958	5,636	4,558	30,258
Right-of-use assets	17(b)	–	–	–	7,260
Investment properties	18	1,666,170	1,565,499	1,507,397	1,535,053
Other receivables	20	7,186	–	–	–
		<u>1,674,314</u>	<u>1,571,135</u>	<u>1,511,955</u>	<u>1,572,571</u>
Current assets					
Trade, bills and lease receivables	19	156,869	190,338	39,887	22,835
Prepayments, deposits and other receivables	20	106,623	80,055	2,110	6,015
Amount due from intermediate holding company	23(a)	–	–	–	43,040
Amount due from a fellow subsidiary	23(a)	–	1	1	2
Time deposits with original maturity over three months but not over one year	21(a)	–	–	–	349,344
Cash and cash equivalents	21(b)	<u>55,670</u>	<u>81,712</u>	<u>564,822</u>	<u>3,161</u>
		<u>319,162</u>	<u>352,106</u>	<u>606,820</u>	<u>424,397</u>
Current liabilities					
Trade and other payables	22	54,502	34,801	29,773	30,103
Bank borrowings	24	276,461	154,265	160,269	19,651
Lease liabilities	26	126	111	101	98
Amounts due to fellow subsidiaries	23(b)	233,368	292,308	347,555	355,834
Amount due to immediate holding company	23(c)	202,000	167,913	146,260	168,293
Amount due to intermediate holding company	23(a)	<u>–</u>	<u>–</u>	<u>80,758</u>	<u>–</u>
		<u>766,457</u>	<u>649,398</u>	<u>764,716</u>	<u>573,979</u>

APPENDIX II**ACCOUNTANTS' REPORT OF SHUNDONG PORT**

		At 31 March		At
		2022	2023	31 October
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2024</i>
				<i>HK\$'000</i>
Net current liabilities		<u>(447,295)</u>	<u>(297,292)</u>	<u>(157,896)</u>
Total assets less current liabilities		<u>1,227,019</u>	<u>1,273,843</u>	<u>1,354,059</u>
Non-current liabilities				
Other payable	22	–	–	10,396
Bank borrowings	24	22,216	20,569	–
Preferred shares	25	387,539	378,234	394,104
Lease liabilities	26	2,251	2,133	1,919
Deferred tax liabilities	27	181,494	194,889	211,814
		<u>593,500</u>	<u>595,825</u>	<u>603,144</u>
NET ASSETS		<u>633,519</u>	<u>678,018</u>	<u>750,915</u>
Capital and reserves				
Paid-up capital	28	261,671	261,671	261,671
Reserves	29	371,848	416,347	489,244
TOTAL EQUITY		<u>633,519</u>	<u>678,018</u>	<u>750,915</u>

APPENDIX II**ACCOUNTANTS' REPORT OF SHUNDONG PORT****STATEMENTS OF CHANGES IN EQUITY**

	Paid-up capital HK\$'000	Contributed surplus* HK\$'000 (Note 29(a))	Exchange reserve* HK\$'000 (Note 29(b))	Retained earnings* HK\$'000	Total HK\$'000
At 1 April 2021	261,671	69,030	11,896	220,761	563,358
Profit for the year	–	–	–	54,769	54,769
Other comprehensive income for the year	–	–	15,392	–	15,392
Total comprehensive income for the year	–	–	15,392	54,769	70,161
At 31 March 2022 and 1 April 2022	261,671	69,030	27,288	275,530	633,519
Profit for the year	–	–	–	74,498	74,498
Other comprehensive expense for the year	–	–	(29,999)	–	(29,999)
Total comprehensive (expense)/income for the year	–	–	(29,999)	74,498	44,499
At 31 March 2023 and 1 April 2023	261,671	69,030	(2,711)	350,028	678,018
Profit for the year	–	–	–	96,447	96,447
Other comprehensive expense for the year	–	–	(23,550)	–	(23,550)
Total comprehensive (expense)/income for the year	–	–	(23,550)	96,447	72,897

APPENDIX II**ACCOUNTANTS' REPORT OF SHUNDONG PORT**

	Paid-up capital HK\$'000	Contributed surplus* HK\$'000 (Note 29(a))	Exchange reserve* HK\$'000 (Note 29(b))	Retained earnings* HK\$'000	Total HK\$'000
At 31 March 2024 and 1 April 2024	261,671	69,030	(26,261)	446,475	750,915
Profit for the period	–	–	–	50,312	50,312
Other comprehensive expense for the period	–	–	(14,888)	–	(14,888)
Total comprehensive (expense)/income for the period	–	–	(14,888)	50,312	35,424
At 31 October 2024	261,671	69,030	(41,149)	496,787	786,339
(UNAUDITED)					
At 1 April 2023	261,671	69,030	(2,711)	350,028	678,018
Profit for the period	–	–	–	35,817	35,817
Other comprehensive expense for the period	–	–	(49,466)	–	(49,466)
Total comprehensive (expense)/income for the period	–	–	(49,466)	35,817	(13,649)
At 31 October 2023	261,671	69,030	(52,177)	385,845	664,369

* These reserve accounts comprise the reserves of approximately HK\$371,848,000, HK\$416,347,000, HK\$489,244,000 and HK\$524,668,000 as at 31 March 2022, 2023 and 2024 and 31 October 2024, respectively, in the statements of financial position.

APPENDIX II**ACCOUNTANTS' REPORT OF SHUNDONG PORT****STATEMENTS OF CASH FLOWS**

		Year ended 31 March			Seven months ended	
		2022	2023	2024	31 October	
	Notes	HK\$'000	HK\$'000	HK\$'000	2023	2024
					HK\$'000	HK\$'000
					(unaudited)	
OPERATING ACTIVITIES						
Profit before income tax		82,519	101,387	123,840	49,920	67,059
<i>Adjustment for:</i>						
Depreciation of property, plant and equipment	17(a)	590	480	1,581	929	882
Depreciation of right-of-use assets	13, 17(b)	80	–	–	–	–
Net impairment loss/(reversal of impairment loss) under expected credit loss (“ECL”) model on						
– trade and lease receivables, net	6(a), 10	8,632	3,911	(9,361)	12,914	(1,866)
– deposits and other receivables	6(a), 10	–	334	(335)	(320)	–
Loss on disposal of property, plant and equipment	13	–	–	7	–	152
Fair value gain on investment properties	18	(8,986)	(12,964)	(17,038)	(9,399)	(13,748)
Fair value gain on preferred shares	10	38,800	19,453	20,780	12,068	12,047
Loss on lease modification	10	269	–	–	–	–
Interest income	9	(1,417)	(78)	(2,716)	(720)	(4,361)
Written back of provision for expenses	10	(9,522)	–	–	–	–
Reversal of interest income from a fellow subsidiary	10	1,507	–	–	–	–
Finance costs	11	25,176	23,882	18,252	10,760	9,448
		137,648	136,405	135,010	76,152	69,613

APPENDIX II**ACCOUNTANTS' REPORT OF SHUNDONG PORT**

		Year ended 31 March			Seven months ended	
		2022	2023	2024	31 October	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
					(unaudited)	
(Increase)/decrease in trade, bills and lease receivables		(146,374)	(49,072)	151,268	8,322	19,298
Decrease/(increase) in prepayments, deposits and other receivables		7,454	25,016	74,825	9,576	(1,359)
(Decrease)/increase in trade and other payables		<u>(79,536)</u>	<u>(15,684)</u>	<u>7,261</u>	<u>6,328</u>	<u>89</u>
Net cash (used in)/generated from operating activities		<u>(80,808)</u>	<u>96,665</u>	<u>368,364</u>	<u>100,378</u>	<u>87,641</u>
INVESTING ACTIVITIES						
Purchase of property, plant and equipment	17(a)	(580)	(5,237)	(826)	(673)	(27,167)
Proceeds from disposal of property, plant and equipment		–	–	29	–	387
Addition to right-of-use assets	17(b)	–	–	–	–	(7,283)
Addition to investment properties	18	(15,264)	(9,922)	(7,023)	(1,472)	(1,707)
Placement of time deposits		–	–	–	–	(350,464)
Advance to a fellow subsidiary		–	(1)	–	–	(1)
Advance to intermediate holding company		–	–	–	–	(43,040)
Repayment of loans from an independent third party		24,250	–	–	–	–
Interest received		<u>1,417</u>	<u>78</u>	<u>2,716</u>	<u>720</u>	<u>1,823</u>
Net cash generated from/ (used in) investing activities		<u>9,823</u>	<u>(15,082)</u>	<u>(5,104)</u>	<u>(1,425)</u>	<u>(427,452)</u>

APPENDIX II**ACCOUNTANTS' REPORT OF SHUNDONG PORT**

	Year ended 31 March			Seven months ended 31 October	
	2022	2023	2024	2023	2024
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i>
FINANCING ACTIVITIES					
Advances from fellow subsidiaries	126,414	66,165	59,148	61,969	–
Advances from immediate holding company	78,085	–	–	6,780	–
Advances from intermediate holding company	–	–	81,563	81,815	–
Repayment to fellow subsidiaries	(27,281)	–	–	–	–
Repayment to immediate holding company	(20,799)	(2,064)	(4)	–	–
Repayment to intermediate holding company	–	–	–	–	(81,813)
Repayment to a non-controlling shareholder	(131,863)	–	–	–	–
New bank borrowings raised	169,750	–	–	–	19,714
Repayment of bank borrowings	(56,988)	(101,843)	(5,469)	(2,743)	(162,090)
Repayment of other borrowings	(9,264)	–	–	–	–
Repayment of principal portion of lease liabilities	(207)	(116)	(107)	(107)	(102)
Repayment of interest portion of lease liabilities	(7)	(16)	(20)	(20)	(24)
Interest paid	(10,511)	(13,554)	(8,192)	(4,837)	(3,647)
Net cash generated from/ (used in) financing activities	<u>117,329</u>	<u>(51,428)</u>	<u>126,919</u>	<u>142,857</u>	<u>(227,962)</u>

APPENDIX II**ACCOUNTANTS' REPORT OF SHUNDONG PORT**

	<i>Notes</i>	Year ended 31 March			Seven months ended 31 October	
		2022	2023	2024	2023	2024
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
					(unaudited)	
Net increase/(decrease) in cash and cash equivalents		46,344	30,155	490,179	241,810	(567,773)
Effect of foreign exchange rate changes		1,105	(4,113)	(7,069)	(17,824)	6,112
Cash and cash equivalents at beginning of the year/period		<u>8,221</u>	<u>55,670</u>	<u>81,712</u>	<u>81,712</u>	<u>564,822</u>
Cash and cash equivalents at end of the year/period	21(b)	<u><u>55,670</u></u>	<u><u>81,712</u></u>	<u><u>564,822</u></u>	<u><u>305,698</u></u>	<u><u>3,161</u></u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Shundong Port is established in the People's Republic of China (the "PRC") on 13 March 2013 with limited liability. Its registered office and principal place of business is Dongying Port Economic Development Zone, Shandong Province, the PRC. The directors of Shundong Port consider the immediate parent and ultimate holding company of Shundong Port to be Mid-Ocean Hong Kong Investment Limited and Cosmic Shine International Limited, which are incorporated with limited liability in Hong Kong and the British Virgin Islands respectively. These entities do not produce financial statements available for public use. The directors of Shundong Port also consider the intermediate holding company of Shundong Port to be the Company which is incorporated with limited liability in the Cayman Islands. The Company is a company with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

No audited financial statements have been prepared for Shundong Port for the Relevant Periods as Shundong Port was not subject to statutory audit requirements under the relevant rules and regulations in the PRC.

During the Relevant Periods, the principal activities of Shundong Port include:

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

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

(a) Basis of preparation

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. Further details of the material accounting policy information adopted are set out in Note 4.

HKICPA has issued a number of new and amendments to HKFRSs. For the purpose of preparing this Historical Financial Information, all HKFRSs effective for the accounting period commencing from 1 April 2024, together with the relevant transitional provisions, have been early adopted by Shundong Port in the preparation of the Historical Financial Information for the Relevant Periods. The new and amendments to HKFRSs issued but not yet effective for the annual period beginning on 1 April 2024 are set out in Note 3.

The stub period comparative financial information of Shundong Port, which comprises the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the seven months ended 31 October 2023 and other explanatory information, has been prepared in accordance with the same basis of preparation adopted in respect of the Historical Financial Information.

Basis of measurement

The measure basis used in the preparation of the Historical Financial Information is the historical cost basis, except for investment properties and financial liabilities at fair value through profit or loss ("FVTPL") (i.e. preferred shares) which are stated at their fair values as explained in the accounting policies set out Note 4 below.

The Historical Financial Information is presented in HK\$, that is different from the functional currency of Shundong Port which is Renminbi ("RMB"). The directors of Shundong Port consider that HK\$ is the appropriate presentation currency of the Historical Financial Information for the inclusion in the circular of the Company in connection with the proposed acquisition of 29.83% of the Common Equity Interest in Shundong Port by the Group while the shares of the Company are listed on the Stock Exchange. All values are rounded to the nearest thousand (HK\$'000) except when otherwise stated.

Going concern basis

As at 31 March 2022, 2023 and 2024 and 31 October 2024, Shundong Port had net current liabilities of approximately HK\$447,295,000, HK\$297,292,000, HK\$157,896,000 and HK\$149,582,000 respectively, indicating the existence of uncertainty which may cast doubt on Shundong Port's ability to continue as a going concern. Therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Among its current liabilities as of 31 March 2022, 2023 and 2024 and 31 October 2024 were amounts due to fellow subsidiaries of approximately HK\$233,368,000, HK\$292,308,000, HK\$347,555,000 and HK\$355,834,000 respectively, and amount due to immediate holding company of approximately HK\$202,000,000, HK\$167,913,000, HK\$146,260,000 and HK\$168,293,000 respectively. All the abovementioned fellow subsidiaries and immediate holding company are controlled by the Company.

The directors of Shundong Port are of the opinion that Shundong Port will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 October 2024 after taking into consideration of the following:

- (i) The consideration of the proposed acquisition of 29.83% of the Common Equity Interest in Shundong Port is approximately HK\$300,000,000 (the "Consideration"). Shundong Port, which is currently an indirect non-wholly owned subsidiary of the Company, shall provide the necessary fund to its immediate holding company to complete the abovementioned acquisition. After taking into account the Consideration and based on the balance of amount due to immediate holding company as at 31 October 2024 of approximately HK\$168,293,000, the Group has an amount due from immediate holding company of approximately HK\$131,707,000;
- (ii) The fellow subsidiaries of Shundong Port undertake and agree not to demand repayment for the advances in an aggregate amount of approximately HK\$355,834,000 until Shundong Port has sufficient funds to repay the amounts and still be able to meet in full its financial obligations after the repayment; and
- (iii) Sufficient internal funds should be generated from Shundong Port's operations.

Accordingly, the directors of Shundong Port are of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis.

Uses of estimates and judgements

The preparation of Historical Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are disclosed in Note 5.

(b) Basis of presentation

Pursuant to the nominee arrangement (the “Yican Nominee Arrangement”) between Ms. Huang Yu Han (the “Vendor”) and Shandong Yican Port Co., Ltd.* (山東逸燦港務有限公司) (“Shandong Yican”), Shandong Yican agreed to transfer 29.83% of the Common Equity Interest in Shundong Port to Hongkong Yingx Co., Limited (“HK SPV”). The ultimate holding company of HK SPV is Faith Up Ventures Limited (the “Target Company”). The Vendor holds the entire issued share capital of the Target Company. The Vendor is a nominee of Shandong Yican pursuant to the Yican Nominee Arrangement and Shandong Yican remains to be the ultimate beneficial owner of the Common Equity Interest held by HK SPV in Shundong Port. HK SPV and the Target Company are incorporated with limited liability in Hong Kong and the British Virgin Islands respectively. Hence, the Target Company, HK SPV and its associate representing 29.83% of the Common Equity Interest in Shundong Port now comprising the “Target Group”.

The Target Company and HK SPV are investment holding companies and do not carry out any business since the dates of incorporation. The Target Group accounts for 29.83% of the Common Equity Interest in Shundong Port as an interest in an associate by equity method. As at the date of this report, the Group proposes to acquire 29.83% of the Common Equity Interest in Shundong Port by acquiring 100% equity interest of the Target Company. The Group's Common Equity Interest in Shundong Port shall be increased from 55.17% to 85% upon the completion of this proposed acquisition. The associate, namely Shundong Port is the principal asset of the Target Group, and is also the underlying asset to be acquired by the Group. Accordingly, for the purpose of this report, the Historical Financial Information has been presented to reflect the financial results of Shundong Port throughout the Relevant Periods.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Shundong Port has not applied the following new and amendments to HKFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

HKFRS 18 and consequential amendments to other HKFRSs	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴
Amendments to HKFRS 9 and HKFRS 7	Amendments to Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Annual Improvements to HKFRS Accounting Standards 2024	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

The directors of Shundong Port are in the process of assessing the potential impacts from the new and amendments to HKFRSs that have been issued but not yet effective for the current year and will disclose further information once the reasonably estimated effect is available.

4. MATERIAL ACCOUNTING POLICIES

Investment properties

Investment property is initially measured at cost, and subsequently at fair value with changes therein recognised in profit or loss.

Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment properties is recognised in accordance with the relevant accounting policies in Note 4.

Property, plant and equipment

Property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss, as follows:

– Buildings	The shorter of term of the lease and 25 years
– Furniture and office equipment	5 years
– Motor vehicles	4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Leased assets

At inception of a contract, Shundong Port assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), Shundong Port allocates non-lease components from lease component on the basis of the relative stand-alone price of the lease components and the aggregate stand-alone prices of the non-lease components.

At the lease commencement date, Shundong Port recognises a right-of-use asset and a lease liability.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

When a lease is capitalised, the right-of-use asset is recognised and is initially measured at cost. The cost of right-of-use asset comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use assets:

- right-of-use assets that meet the definition of investment property are carried at fair value; and
- right-of-use assets related to leasehold land and buildings where Shundong Port is the registered owner of the leasehold interest are carried at cost.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in Shundong Port's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether Shundong Port will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting date.

As a lessor

Shundong Port determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, Shundong Port allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 4.

Credit losses and impairment of assets

Credit losses from financial instruments and lease receivables

Shundong Port recognises a loss allowance for ECLs on:

- financial assets measured at amortised cost (including time deposits, bank balances, trade, bills and other receivables, amounts due from intermediate holding company and a fellow subsidiary); and
- lease receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate; and
- lease receivables: discount rate used in the measurement of the lease receivables.

The maximum period considered when estimating ECL is the maximum contractual period over which Shundong Port is exposed to credit risk.

ECL are measured on either of the following bases:

- 12-month ECL: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECL: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Shundong Port measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, Shundong Port considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on Shundong Port's historical experience and informed credit assessment, that includes forward-looking information.

Shundong Port assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Shundong Port considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to Shundong Port in full, without recourse by Shundong Port to actions such as realising security (if any is held); or
- the financial asset is 90 days past due.

Shundong Port considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

ECL is remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. Shundong Port recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, Shundong Port assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by Shundong Port on terms that Shundong Port would not consider otherwise;
- it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when Shundong Port determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Impairment of non-financial assets

At each reporting date, Shundong Port reviews the carrying amounts of its non-financial assets (other than investment properties) to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Trade and other receivables

A receivable is recognised when Shundong Port has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

Preferred shares

Preferred shares are classified as equity if it is non-redeemable, or redeemable only at Shundong Port's option, and any dividends are discretionary. Dividends on preferred shares classified as equity are recognised as distributions within equity.

Preferred shares are classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. The liability is recognised in accordance with Shundong Port's accounting policy for interest-bearing borrowings and accordingly dividends thereon are recognised on an accrual basis in profit or loss as part of finance costs.

Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the relevant accounting policy.

Employee benefits***Short-term employee benefits and contributions to defined contribution retirement plans***

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if Shundong Port has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

Termination benefits

Termination benefits are recognised at the earlier of when Shundong Port can no longer withdraw the offer of those benefits and when Shundong Port recognises costs for a restructuring.

Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income ("OCI").

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year/period and any adjustments to the tax payable or receivable in respect of previous years/periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

Shundong Port recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of Shundong Port. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which Shundong Port expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to Shundong Port by the same taxation authority.

Provision and contingent liabilities

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Target Company recognises any impairment loss on the assets associated with that contract.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

Revenue and other income

Income is classified by Shundong Port as revenue when it arises from the sale of goods, the provision of services or the use by others of Shundong Port's assets under leases in the ordinary course of Shundong Port's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which Shundong Port is expected to be entitled, excluding those amounts collected on behalf of third parties.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to Shundong Port, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. Shundong Port takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of Shundong Port's revenue and other income recognition policies are as follows:

Revenue from contracts with customers

Shundong Port is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of oil and liquefied chemical products that are sourced externally. Shundong Port is also the agent for certain of its revenue transactions and recognised revenue on a net basis, including the agency income for the trading of oil and liquefied chemical products that are sourced externally. In determining whether Shundong Port acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to Shundong Port's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a good or service is transferred to the customer at the amount of promised consideration to which Shundong Port is expected to be entitled in exchange for those goods or services.

Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

Interest income

Interest income is recognised using the effective interest method. The “effective interest rate” is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Government grants

Government grants are recognised in the Historical Financial Information initially when there is reasonable assurance that they will be received and that Shundong Port will comply with the conditions attaching to them.

Grants that compensate Shundong Port for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate Shundong Port for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

Translation of foreign currencies

Transactions in foreign currencies are translated into Shundong Port’s functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

For the purpose of presenting the Historical Financial Information in HK\$, the assets and liabilities of Shundong Port are translated into HK\$ at the exchange rates at the reporting dates. The income and expenses of Shundong Port are translated into HK\$ at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the OCI and accumulated in the exchange reserve.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

Related parties

A person, or a close member of that person's family, is related to Shundong Port if that person:

- (i) has control or joint control over Shundong Port;
- (ii) has significant influence over Shundong Port; or
- (iii) is a member of the key management personnel of Shundong Port or of Shundong Port's parent.

An entity is related to Shundong Port if any of the following conditions applies:

- (i) The entity and Shundong Port are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either Shundong Port or an entity related to Shundong Port.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to Shundong Port or to Shundong Port's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. ACCOUNTING JUDGEMENT AND ESTIMATES**Critical accounting judgement**

In the process of applying Shundong Port's accounting policies, the directors of Shundong Port has made the following accounting judgement:

(i) *Principal versus agent consideration (agent)*

Shundong Port engages in trading of oil and liquefied chemical products. Shundong Port concluded that Shundong Port acts as an agent for such transactions as it did not obtain the control over oil and liquefied chemical products before passing on to customers taking into consideration indicators such as Shundong Port is not primarily responsible for fulfilling the promise and not exposed to inventory risk. When Shundong Port satisfies the performance obligation, Shundong Port recognises an agency income in the amount it expects to be entitled as specified in the contracts.

During the years ended 31 March 2022, 2023 and 2024 and the seven months ended 31 October 2023 (unaudited) and 2024, Shundong Port recognised agency income relating to trading of oil and liquefied chemical products of approximately HK\$3,091,000, HK\$8,062,000, Nil, Nil and Nil respectively.

(ii) Principal versus agent consideration (principal)

Shundong Port is considered as a principal for its contracts with customers relating to the sales of oil and liquefied chemical products as Shundong Port controls the specified good before it is transferred to the customer after taking into consideration indicators such as Shundong Port is primarily responsible for fulfilling the promise to provide the goods. Shundong Port is also subject to inventory risk and has discretion in establishing the price of the goods. When Shundong Port satisfies the performance obligation, Shundong Port recognises trading revenue in the gross amount of consideration to which Shundong Port expects to be entitled as specified in the contracts.

During the years ended 31 March 2022, 2023 and 2024 and the seven months ended 31 October 2023 (unaudited) and 2024, Shundong Port recognised revenue relating to sale of oil and liquefied chemical products of approximately HK\$361,187,000, HK\$201,223,000, HK\$78,091,000, HK\$78,333,000 and Nil respectively.

Sources of estimation uncertainty

Note 7 contains information about the assumptions and their risk factors relating to valuations of investment properties and certain financial liabilities at FVTPL. Other significant sources of estimation uncertainty are as follows:

(i) Fair value of investment properties

Investment properties are carried in the Historical Financial Information at 31 March 2022, 2023 and 2024 and 31 October 2024 at their fair value of approximately HK\$1,666,170,000, HK\$1,565,499,000, HK\$1,507,397,000 and HK\$1,535,053,000 respectively. The fair value was based on valuations conducted by an independent qualified valuer using property valuation techniques which involve certain assumptions of market conditions including estimates of future rental income from investment properties using current market rentals and yields as inputs. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of Shundong Port's investment properties and corresponding adjustments to the amount of gain or loss reported in the Historical Financial Information. Details of the fair value measurements of investment properties are set out in Note 7.

(ii) Estimation of the fair value of financial liabilities

The preferred shares issued by Shundong Port are financial liabilities which are measured at fair value at the end of each reporting period as disclosed in Note 7.

The preferred shares issued by Shundong Port are not traded in an active market and the respective fair value is determined by using valuation techniques. Shundong Port applied the discounted cash flow method to determine the underlying equity value of Shundong Port and the fair value of the preferred shares. Key assumptions such as the timing of the declarations of dividends were based on Shundong Port's best estimation. Further details are included in Note 25.

(iii) ECL of receivables

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of receivables. Receivables are categorised by individual characteristics of each customer. Shundong Port estimates the loss allowance at an amount equal to lifetime ECL for receivables based on the ageing of overdue balances, repayment history of individual debtors, debtor creditworthiness, historical write-off experience, existing customer-specific and market conditions and forward-looking information.

Shundong Port considers the following indicators when assessing the credit risks, such as the changes in macroeconomic conditions, probabilities of default and internal or external credit ratings, or expected operating performance of the customer, etc. At the end of each reporting period, the historical

observed default rates are updated and changes in the forward-looking information are analysed. Such assessment involves a significant degree of judgement by the directors of Shundong Port.

Further details are included in Note 6(a).

(iv) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The directors of Shundong Port carefully evaluate tax implications of transactions and tax provisions are set up accordingly. The tax treatment of these transactions is reconsidered periodically to take into account changes in tax legislations. Deferred tax assets are recognised for deductible temporary differences and cumulative tax losses.

As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised, The directors' judgement are required to assess the probability of future taxable profits. The director's assessment are constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Category of financial instruments

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets:				
Financial assets at amortised cost (including cash and cash equivalents)	237,247	277,468	604,753	421,398
Financial liabilities:				
Financial liabilities at FVTPL	387,539	378,234	379,015	394,104
Financial liabilities at amortised cost	786,958	668,424	771,298	577,812
	1,174,497	1,046,658	1,150,313	971,916

Financial risk management objectives and policies

Shundong Port has exposure to credit risk, liquidity risk and interest rate risk. The exposure to these risks and the financial risk management policies and practices used by Shundong Port to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to Shundong Port. Shundong Port's credit risk is primarily attributable to trade, bills and lease receivables, deposits and other receivables, amounts due from intermediate holding company and a fellow subsidiary, time deposits and bank balances. Shundong Port's exposure to credit risk arising from bills receivables, time deposits and bank balances are limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which Shundong Port considers to have low credit risk.

APPENDIX II**ACCOUNTANTS' REPORT OF SHUNDONG PORT***Trade receivables arising from contracts with customers and lease receivables*

Shundong Port has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables arising from contracts with customers and lease receivables are normally due within 90 days from the date of billing. Debtors with balances that are more than 90 days past due are requested to settle all outstanding balances before any further credit is granted. Normally, Shundong Port does not obtain collateral from customers.

Significant concentrations of credit risk primarily arise when Shundong Port has significant exposure to individual customers. At 31 March 2022, 2023 and 2024 and 31 October 2024, 98.9%, 53.4%, 99.6% and 91.8% of the total trade receivables arising from contracts with customers, bills receivables and lease receivables respectively were due from Shundong Port's single largest customer.

Shundong Port measures loss allowances for trade receivables arising from contracts with customers and lease receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix. As Shundong Port's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between Shundong Port's different customer bases.

The following table provides information about Shundong Port's exposure to credit risk and ECL for trade receivables arising from contracts with customers and lease receivables:

At 31 March 2022

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
PRC			
– Trade receivables from contracts with customers	5.3	164,421	8,786

At 31 March 2023

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
PRC			
– Trade receivables from contracts with customers	6.0	173,810	10,373
– Lease receivables	5.8	28,568	1,667
		202,378	12,040

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At 31 March 2024

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
PRC			
– Trade receivables from contracts with customers	65.4	430	281
– Lease receivables	4.4	41,583	1,845
		<u>42,013</u>	<u>2,126</u>

At 31 October 2024

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
PRC			
– Trade receivables from contracts with customers	65.4	433	283
– Lease receivables	–	22,685	–
		<u>23,118</u>	<u>283</u>

Expected loss rates are based on actual loss experience over the past 24 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and Shundong Port's view of economic conditions over the expected lives of the receivables.

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Movements in the loss allowance account in respect of trade receivables arising from contracts with customers and lease receivables during the three years ended 31 March 2024 and the seven months ended 31 October 2023 (unaudited) and 2024 are as follows:

	Trade receivables from contracts with customers HK\$'000	Lease receivables HK\$'000	Total HK\$'000
Balance at 1 April 2021	–	–	–
Impairment loss recognised	8,632	–	8,632
Exchange differences	154	–	154
Balance at 31 March 2022	8,786	–	8,786
Balance at 1 April 2022	8,786	–	8,786
Impairment loss recognised	10,388	1,669	12,057
Impairment loss reversed	(8,146)	–	(8,146)
	2,242	1,669	3,911
Exchange differences	(655)	(2)	(657)
Balance at 31 March 2023	10,373	1,667	12,040
Balance at 1 April 2023	10,373	1,667	12,040
Impairment loss recognised	284	1,863	2,147
Impairment loss reversed	(9,913)	(1,595)	(11,508)
	(9,629)	268	(9,361)
Exchange differences	(463)	(90)	(553)
Balance at 31 March 2024	281	1,845	2,126
Balance at 1 April 2024	281	1,845	2,126
Impairment loss reversed	–	(1,866)	(1,866)
Exchange differences	2	21	23
Balance at 31 October 2024	283	–	283
(UNAUDITED)			
Balance at 1 April 2023	10,373	1,667	12,040
Impairment loss recognised	4,279	20,195	24,474
Impairment loss reversed	(9,959)	(1,601)	(11,560)
	(5,680)	18,594	12,914
Exchange differences	(506)	(498)	(1,004)
Balance at 31 October 2023	4,187	19,763	23,950

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The origination of new trade receivables arising from contracts with customers net of those settled resulted in an increase/(a decrease) in loss allowance of approximately HK\$8,632,000, HK\$2,242,000, HK\$(9,629,000), HK\$(5,680,000) and Nil for the three years ended 31 March 2024 and the seven months ended 31 October 2023 (unaudited) and 2024 respectively and contributed to the increase/(decrease) in the loss allowance.

The origination of new lease receivables net of those settled resulted in an increase/(a decrease) in loss allowance of approximately Nil, HK\$1,669,000, HK\$268,000, HK\$18,594,000 and HK\$(1,866,000) for the three years ended 31 March 2024 and the seven months ended 31 October 2023 (unaudited) and 2024 respectively and contributed to the increase/(decrease) in the loss allowance.

Deposits and other receivables and amounts due from intermediate holding company and a fellow subsidiary

For deposits and other receivables and amounts due from intermediate holding company and a fellow subsidiary, the directors of Shundong Port make periodic individual assessment on the recoverability of deposits and other receivables and amounts due from intermediate holding company and a fellow subsidiary based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of Shundong Port believe that there are no significant increase in credit risk of these amounts since initial recognition and Shundong Port provided impairment based on 12-months ECL.

The following table provides information about Shundong Port's exposure to credit risk and ECL for deposits and other receivables and amounts due from intermediate holding company and a fellow subsidiary as at 31 March 2022, 2023 and 2024 and 31 October 2024:

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other receivables	6,195	5,751	43	3,016
Deposits	18,513	–	–	–
Amount due from intermediate holding company	–	–	–	43,040
Amount due from a fellow subsidiary	–	1	1	2

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Movement in the loss allowance account in respect of other receivables during the three years ended 31 March 2024 and the seven months ended 31 October 2023 (unaudited) and 2024 is as follows:

	Other receivables HK\$'000
Balance at 1 April 2021, 31 March 2022 and 1 April 2022	--
Impairment loss recognised	334
	<hr/>
Balance at 31 March 2023	334
	<hr/> <hr/>
Balance at 1 April 2023	334
Impairment loss reversed	(335)
Exchange differences	1
	<hr/>
Balance at 31 March 2024, 1 April 2024 and 31 October 2024	-
	<hr/> <hr/>
(UNAUDITED)	
Balance at 1 April 2023	334
Impairment loss recognised	(320)
Exchange differences	(14)
	<hr/>
Balance at 31 October 2023	-
	<hr/> <hr/>

No loss allowance on deposits, amounts due from intermediate holding company and a fellow subsidiary was recognised during the three years ended 31 March 2024 and the seven months ended 31 October 2023 (unaudited) and 2024 as the directors of Shundong Port considered that the credit risk exposure on these balances are minimal.

(b) Liquidity risk

Shundong Port is responsible for its own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to the parent company's board approval. Shundong Port's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table sets out the remaining contractual maturities at the end of the reporting period of Shundong Port's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date Shundong Port can be required to pay.

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	Weighted average interest rate %	Within 6 months or on demand HK\$'000	Over 6 months but within 12 months HK\$'000	Over 1 year but within 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
At 31 March 2022							
Financial liabilities included in trade and other payables	-	50,536	-	-	-	50,536	50,536
Bank borrowings	4.8	276,988	528	23,711	-	301,227	298,677
Lease liabilities	4.4	71	72	571	5,564	6,278	2,377
Amounts due to fellow subsidiaries							
- interest-free	-	58,785	-	-	-	58,785	58,785
- fixed-rate	5.7	174,583	-	-	-	174,583	174,583
Amount due to immediate holding company							
- interest-free	-	201,506	-	-	-	201,506	201,506
- fixed-rate	5.0	494	-	-	-	494	494
Preferred shares (note)	-	-	-	-	-	-	387,539
		<u>762,963</u>	<u>600</u>	<u>24,282</u>	<u>5,564</u>	<u>793,409</u>	<u>1,174,497</u>
At 31 March 2023							
Financial liabilities included in trade and other payables	-	31,125	-	-	-	31,125	31,125
Bank borrowings	4.8	154,753	489	20,976	-	176,218	174,834
Lease liabilities	4.4	66	66	528	5,020	5,680	2,244
Amounts due to fellow subsidiaries							
- interest-free	-	117,503	-	-	-	117,503	117,503
- fixed-rate	4.7	174,805	-	-	-	174,805	174,805
Amount due to immediate holding company							
- interest-free	-	167,456	-	-	-	167,456	167,456
- fixed-rate	5.0	457	-	-	-	457	457
Preferred shares (note)	-	-	-	-	-	-	378,234
		<u>646,165</u>	<u>555</u>	<u>21,504</u>	<u>5,020</u>	<u>673,244</u>	<u>1,046,658</u>

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	Weighted average interest rate %	Within 6 months or on demand HK\$'000	Over 6 months but within 12 months HK\$'000	Over 1 year but within 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
At 31 March 2024							
Financial liabilities included in trade and							
other payables	-	24,040	-	10,396	-	34,436	34,436
Bank borrowings	4.8	160,655	-	-	-	160,655	160,269
Lease liabilities	4.4	62	63	500	4,631	5,256	2,020
Amounts due to fellow subsidiaries							
- interest-free	-	169,918	-	-	-	169,918	169,918
- fixed-rate	5.6	177,637	-	-	-	177,637	177,637
Amount due to immediate holding							
company							
- interest-free	-	145,827	-	-	-	145,827	145,827
- fixed-rate	5.0	433	-	-	-	433	433
Amount due to intermediate holding							
company	-	80,758	-	-	-	80,758	80,758
Preferred shares (note)		-	-	-	-	-	379,015
		<u>759,330</u>	<u>63</u>	<u>10,896</u>	<u>4,631</u>	<u>774,920</u>	<u>1,150,313</u>
At 31 October 2024							
Financial liabilities included in trade and							
other payables	-	21,618	-	10,480	-	32,098	32,098
Bank borrowings	8.0	20,124	-	-	-	20,124	19,651
Lease liabilities	4.4	63	63	505	4,543	5,174	1,936
Amounts due to fellow subsidiaries							
- interest-free	-	171,299	-	-	-	171,299	171,299
- fixed-rate	5.6	184,535	-	-	-	184,535	184,535
Amount due to immediate holding							
company							
- interest-free	-	167,856	-	-	-	167,856	167,856
- fixed-rate	5.0	437	-	-	-	437	437
Preferred shares (note)	-	-	-	-	-	-	394,104
		<u>565,932</u>	<u>63</u>	<u>10,985</u>	<u>4,543</u>	<u>581,523</u>	<u>971,916</u>

Note: The directors of Shundong Port estimated that there is no special dividend to be declared by Shundong Port in the coming 4 years, 3 years, 2 years and 1.4 years as at 31 March 2022, 2023 and 2024 and 31 October 2024 respectively.

As at 31 March 2022, 2023 and 2024 and 31 October 2024, the preferred shares, of which the principal amount was RMB270,000,000 (equivalent to approximately HK\$333,234,000), RMB270,000,000 (equivalent to approximately HK\$308,529,000), RMB270,000,000 (equivalent to approximately HK\$292,383,000) and RMB270,000,000 (equivalent to approximately HK\$294,759,000) respectively, have no contractual maturity.

The below table summarises the maturity analysis of bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the facilities agreements with banks. The amounts include interest payments computed using contractual rates. Taking into account Shundong Port's financial position, the directors of Shundong Port do not consider that it is probable that the bank will exercise its discretion to demand

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immediate repayment and believe that these borrowings will be repaid in accordance with the scheduled repayment dates.

	Within 1 year HK\$'000	Over 1 year but within 2 years HK\$'000	Over 2 years but within 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
At 31 March 2022	22,266	117,061	189,565	328,892	298,677
At 31 March 2023	14,109	175,511	–	189,620	174,834
At 31 March 2024	166,326	–	–	166,326	160,269
At 31 October 2024	20,124	–	–	20,124	19,651

(c) Interest rate risk

Shundong Port is exposed to fair value interest rate risk in relation to fixed-rate time deposits (Note 21), fixed-rate bank borrowings (Note 24), lease liabilities (Note 26) and amounts due to fellow subsidiaries and immediate holding company (Note 23). Shundong Port is also exposed to cash flow interest rate risk on bank balances (Note 21).

Shundong Port monitors the level of its fixed rate borrowings and manages the contractual terms of the interest-bearing financial liabilities.

In the opinion of the directors of Shundong Port, the expected change in interest rates will not have a significant impact on the interest income or bank balances and hence sensitivity analysis is not presented.

(d) Fair values

The carrying amounts of Shundong Port's financial assets and financial liabilities as reflected in the Historical Financial Information approximate their respective fair values.

7. FAIR VALUE MEASUREMENT**Fair value hierarchy**

The following table presents the fair value of Shundong Port's financial instruments and Shundong Port's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

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Certain assets and liabilities of Shundong Port are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, Shundong Port uses market-observable data to the extent it is available. Where Level 1 inputs are not available, Shundong Port engages third party qualified valuers to perform the valuation. At the end of each reporting period, Shundong Port works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. Shundong Port will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, Shundong Port will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets and liabilities, the causes of the fluctuations will be reported to the directors of Shundong Port.

Fair value measurement as at 31 March 2022 categorised into

	Fair value HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurement				
<i>Non-financial assets</i>				
– Investment properties	<u>1,666,170</u>	<u>–</u>	<u>–</u>	<u>1,666,170</u>
<i>Financial liabilities</i>				
– Preferred shares	<u>387,539</u>	<u>–</u>	<u>–</u>	<u>387,539</u>

Fair value measurement as at 31 March 2023 categorised into

	Fair value HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurement				
<i>Non-financial assets</i>				
– Investment properties	<u>1,565,499</u>	<u>–</u>	<u>–</u>	<u>1,565,499</u>
<i>Financial liabilities</i>				
– Preferred shares	<u>378,234</u>	<u>–</u>	<u>–</u>	<u>378,234</u>

Fair value measurement as at 31 March 2024 categorised into

	Fair value HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurement				
<i>Non-financial assets</i>				
– Investment properties	<u>1,507,397</u>	<u>–</u>	<u>–</u>	<u>1,507,397</u>
<i>Financial liabilities</i>				
– Preferred shares	<u>379,015</u>	<u>–</u>	<u>–</u>	<u>379,015</u>

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Fair value measurement as at 31 October 2024 categorised into				
	Fair value	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurement				
<i>Non-financial assets</i>				
– Investment properties	1,535,053	–	–	1,535,053
<i>Financial liabilities</i>				
– Preferred shares	394,104	–	–	394,104

During the Relevant Periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Target Company's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

Assets/liabilities	Valuation techniques	Significant unobservable inputs	Range			
			As at 31 March 2022	2023	2024	As at 31 October 2024
Investment properties	Income approach	Rental growth rate per annum	3%	3%	3%	3%
		Discount rate	8%	8%	7%	8%
		Capitalisation rate	5%	5%	4%	5%
Preferred shares	Discounted cash flows	Discount rate	5.5%	5.5%	5.5%	5.5%

Investment properties

The fair value of investment properties located in the PRC is determined using income approach by reference to rental growth rate per annum and capitalisation rate. The fair value measurement is positively correlated to the rent growth rate per annum and negatively correlated to the discount rate and capitalisation rate.

Preferred shares

The fair value of preferred shares is determined using discount cash flow adjusted for discount rate. The fair value measurement is negatively correlated to the discount rate. The discount rate adopted was the sum of the yield of the 30-year China Government Bonds and the average credit spread of comparable bonds that are similar to that of the relevant entity of the valuation. In addition to the assumptions adopted above, Shundong Port's projections of future performance were also factored into the determination of the fair value of the preferred shares on the valuation date. As at 31 March 2022, 2023 and 2024 and 31 October 2024, it is estimated that with all other variables held constant, a decrease in discount rate by 1% would have decreased Shundong Port's profit after income tax by approximately HK\$106,141,000, HK\$99,415,000, HK\$93,129,000 and HK\$95,282,000 respectively, while an increase in discount rate by 1% would have increased Shundong Port's profit after income tax by approximately HK\$71,584,000, HK\$67,419,000, HK\$64,974,000 and HK\$65,712,000 respectively.

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The movements during the Relevant Periods in the balances of these Level 3 fair value measurements are as follows:

	Financial liabilities <i>Preferred shares</i> HK\$'000	Non-financial assets <i>Investment properties</i> HK\$'000
At 1 April 2021	(333,832)	1,574,454
Additions	–	15,264
Fair value changes (<i>note</i>)	(38,800)	8,986
Exchange differences included in “exchange reserve” in OCI	(14,907)	67,466
At 31 March 2022	<u>(387,539)</u>	<u>1,666,170</u>
At 1 April 2022	(387,539)	1,666,170
Additions	–	9,922
Fair value changes (<i>note</i>)	(19,453)	12,964
Exchange differences included in “exchange reserve” in OCI	28,758	(123,557)
At 31 March 2023	<u>(378,234)</u>	<u>1,565,499</u>
At 1 April 2023	(378,234)	1,565,499
Additions	–	7,023
Fair value changes (<i>note</i>)	(20,780)	17,038
Exchange differences included in “exchange reserve” in OCI	19,999	(82,163)
At 31 March 2024	<u>(379,015)</u>	<u>1,507,397</u>
At 1 April 2024	(379,015)	1,507,397
Additions	–	1,707
Fair value changes (<i>note</i>)	(12,047)	13,748
Exchange differences included in “exchange reserve” in OCI	(3,042)	12,201
At 31 October 2024	<u>(394,104)</u>	<u>1,535,053</u>

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Note: Fair value changes include unrealised gains on investment properties and preferred shares recognised in profit or loss attributable to balances held at the end of the reporting period as follows:

	Year ended 31 March			Seven months ended 31 October
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unrealised gain on investment properties	8,986	12,964	17,038	13,748
Unrealised gain on preferred shares	(38,800)	(19,453)	(20,780)	(12,047)
	<u>(29,814)</u>	<u>(6,489)</u>	<u>(3,742)</u>	<u>1,701</u>

8. REVENUE

The principal activities of Shundong Port are set out in Note 1.

Disaggregation of revenue from (i) contracts with customers by major products or service lines; and (ii) other sources is as follows:

	Year ended 31 March			Seven months ended 31 October	
	2022	2023	2024	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Revenue from contracts with customers within the scope of HKFRS 15					
<i>Disaggregated by major products or services lines</i>					
– Agency income from trading of oil and liquefied chemical products	3,091	8,062	–	–	–
– Sale of oil and liquefied chemical products	<u>361,187</u>	<u>201,223</u>	<u>78,091</u>	<u>78,333</u>	<u>–</u>
	364,278	209,285	78,091	78,333	–
Revenue from other sources					
– Rental income from oil and liquefied chemical terminal	<u>156,290</u>	<u>157,472</u>	<u>164,143</u>	<u>92,576</u>	<u>86,070</u>
Total revenue	<u>520,568</u>	<u>366,757</u>	<u>242,234</u>	<u>170,909</u>	<u>86,070</u>
Geographical market					
The PRC	<u>520,568</u>	<u>366,757</u>	<u>242,234</u>	<u>170,909</u>	<u>86,070</u>

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Agency income from trading of oil and liquefied chemical products is recognised when Shundong Port satisfies its promise to arrange for the oil and liquefied chemical products to be provided by the suppliers to the customers and in the amount of any fee or commission to which Shundong Port is entitled for arranging the oil and liquefied chemical products to be provided to the end customers. Performance obligations are satisfied at a point in time once control of goods has been transferred to customers. The invoice is due upon the delivery of goods.

Sales of oil and liquefied chemical products is recognised at a point in time when the control of oil and liquefied chemical products has transferred, being when the oil and liquefied chemical products have been delivered to customers' specific location. Following the delivery, the customer has full discretion over the manner of distribution and price to sell the oil and liquefied chemical products, has the primary responsibility when on selling the oil and liquefied chemical products and bears the risks of obsolescence and loss in relation to the oil and liquefied chemical products. The normal credit term is up to 90 days.

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

9. INTEREST REVENUE

	Year ended 31 March			Seven months ended 31 October	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000 (unaudited)	2024 HK\$'000
Bank interest income	44	78	2,716	720	4,361
Loan interest income (<i>note</i>)	1,373	–	–	–	–
	<u>1,417</u>	<u>78</u>	<u>2,716</u>	<u>720</u>	<u>4,361</u>

Note: As at 1 April 2021, loan receivables from an independent third party amounted to approximately HK\$23,676,000 which was unsecured, interest-bearing of 6% per annum and repayable within one year. During the year ended 31 March 2022, the counterparty fully settled the balances and Shundong Port recognised loan interest income of approximately HK\$1,373,000.

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10. OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	Year ended 31 March			Seven months ended 31 October	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000 (unaudited)	2024 HK\$'000
Fair value gain on preferred shares (Impairment loss)/reversal of impairment loss under ECL model on:	(38,800)	(19,453)	(20,780)	(12,068)	(12,047)
– Trade and lease receivables	(8,632)	(3,911)	9,361	(12,914)	1,866
– Deposits and other receivables	–	(334)	335	320	–
Service income	1,760	–	–	–	–
Written back of provision for expenses (note)	9,522	–	–	–	–
Reversal of interest income from a fellow subsidiary	(1,507)	–	–	–	–
Loss on termination of lease	(269)	–	–	–	–
Sundry income	432	204	147	122	513
	<u>(37,494)</u>	<u>(23,494)</u>	<u>(10,937)</u>	<u>(24,540)</u>	<u>(9,668)</u>

Note: During the year ended 31 March 2022, the written back of provision of expenses included a reversal of accrued salaries of approximately HK\$8,867,000, which was made based on the assessment of the likelihood of such payment by the directors of Shundong Port.

11. FINANCE COSTS

	Year ended 31 March			Seven months ended 31 October	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000 (unaudited)	2024 HK\$'000
Interest on bank borrowings	8,465	13,554	8,192	4,837	3,647
Interest on other borrowings (note (a))	444	–	–	–	–
Interest on amount due to a non-controlling shareholder (note (b))	8,400	–	–	–	–
Interest on amount due to a fellow subsidiary	7,791	10,289	10,018	5,890	5,764
Interest on amount due to immediate holding company	69	23	22	13	13
Interest on lease liabilities	7	16	20	20	24
Interest expenses on financial liabilities not at fair value through profit or loss	<u>25,176</u>	<u>23,882</u>	<u>18,252</u>	<u>10,760</u>	<u>9,448</u>

APPENDIX II**ACCOUNTANTS' REPORT OF SHUNDONG PORT***Notes:*

- (a) As at 1 April 2021, other borrowings amounted to approximately HK\$10,610,000 which were unsecured, interest-bearing ranging from 10% to 24% per annum and repayable within one year. During the year ended 31 March 2022, Shundong Port fully settled the balances and Shundong Port recognised interest on other borrowings of approximately HK\$444,000.
- (b) As at 1 April 2021, amount due to a non-controlling shareholder comprised of (i) approximately HK\$90,206,000 which was unsecured, interest-bearing up to 8% per annum and repayable within one year; and (ii) approximately HK\$30,335,000 which was unsecured, interest-free and repayable within one year. During the year ended 31 March 2022, Shundong Port fully settled the balances and Shundong Port recognised interest on amount due to a non-controlling shareholder of approximately HK\$8,400,000.

12. INCOME TAX EXPENSES

	Year ended 31 March			Seven months ended 31 October	
	2022	2023	2024	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Current tax					
– PRC Enterprise Income Tax (“EIT”)	–	–	–	–	–
Deferred tax					
– Current year/period (<i>Note 27</i>)	27,750	26,889	27,393	14,103	16,747
	<u>27,750</u>	<u>26,889</u>	<u>27,393</u>	<u>14,103</u>	<u>16,747</u>

Under the EIT Law of the PRC and Regulation Implementation of the EIT Law, the tax rate of Shundong Port is 25% for the Relevant Periods.

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The reconciliation between the income tax expenses and profit before income tax is as follows:

	Year ended 31 March			Seven months ended 31 October	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000 (unaudited)	2024 HK\$'000
Profit before income tax	82,519	101,387	123,840	49,920	67,059
PRC EIT at 25%	20,630	25,347	30,960	12,479	16,765
Tax effect of income that is not taxable	(377)	(718)	–	–	(608)
Tax effect of expenses that is not deductible	5,309	3,820	3,828	5,121	1,539
Tax effect of deductible temporary differences not recognised	(84)	(17)	–	–	–
Tax effect of unrecognised tax losses	2,272	–	–	–	–
Tax effect of utilisation of tax losses brought forward	–	(1,543)	(7,395)	(3,497)	(949)
Income tax expenses	27,750	26,889	27,393	14,103	16,747

13. PROFIT FOR THE YEAR/PERIOD

Shundong Port's profit for the year/period is stated after charging/(crediting) the following:

	Year ended 31 March			Seven months ended 31 October	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000 (unaudited)	2024 HK\$'000
Auditor's remuneration (note (i))	–	–	–	–	–
Carrying amount of inventory sold	353,328	200,779	77,463	77,703	–
Depreciation of property, plant and equipment	590	480	1,581	929	882
Depreciation of right-of-use assets (note (ii))	80	–	–	–	–
Gross rental income from investment properties	(156,290)	(157,472)	(164,143)	(92,576)	(86,070)
Direct operating expenses arising from investment properties that generated rental income	3,540	2,137	5,735	1,507	8,310
Loss on disposal of property, plant and equipment	–	–	7	–	152
Expenses relating to short-term leases	334	–	–	–	–
Staff costs (including directors' remuneration)					
– Salaries, bonus and allowances	8,805	8,503	8,950	4,922	4,340
– Retirement benefit scheme contributions	405	456	548	314	410
	9,210	8,959	9,498	5,236	4,750

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- (i) During the three years ended 31 March 2024 and the seven months ended 31 October 2023 (unaudited) and 2024, the auditor's remuneration was borne by the Company.
- (ii) As at 1 April 2021, right-of-use assets amounted to approximately HK\$545,000 representing motor vehicles of Shundong Port. During the year ended 31 March 2022, Shundong Port recognised depreciation of right-of-use assets of approximately HK\$80,000 and loss of termination of the relevant leases of approximately HK\$269,000 (see Note 10).

Shundong Port had no forfeited contributions under its retirement benefits schemes in the PRC which may be used to reduce the existing level of contributions during the Relevant Periods. There were also no forfeited contributions available to reduce future contributions at the end of each reporting period of the Relevant Periods.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. Shundong Port is required to contribute a certain percentage of their basic payroll to the retirement benefit schemes to fund the benefits.

The only obligation of Shundong Port with respect to the retirement benefit schemes is to make the required contributions under the schemes.

At the end of each reporting periods of the Relevant Periods, Shundong Port had no significant obligation apart from the contribution as stated above.

14. DIVIDENDS

No dividend was paid or proposed for the Relevant Periods, nor has any dividend been proposed since the end of the reporting period.

15. DIRECTORS' EMOLUMENTS

Directors' emoluments during the years ended 31 March 2022, 2023 and 2024 and the seven months ended 31 October 2023 (unaudited) and 2024 are as follows:

	Year ended 31 March 2022			
	Fees	Salaries, allowances and benefits in kind	Contributions to retirement benefit schemes	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Chen Bin	–	481	–	481
Yu Zhiyong	–	–	–	–
Sui Zhaokang	–	174	16	190
	–	655	16	671

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Year ended 31 March 2023				
		Salaries, allowances and benefits in kind	Contributions to retirement benefit schemes	Total
<i>Notes</i>	<i>Fees</i> <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Chen Bin	–	–	–	–
Liu Yong (i)	–	1,112	43	1,155
Yu Zhiyong (ii)	–	–	–	–
Sui Zhaokang	–	165	15	180
	–	1,277	58	1,335

Year ended 31 March 2024				
		Salaries, allowances and benefits in kind	Contributions to retirement benefit schemes	Total
<i>Notes</i>	<i>Fees</i> <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Chen Bin (iii)	–	–	–	–
Liu Yong	–	1,312	46	1,358
Sui Zhaokang	–	159	15	174
Sun Gangjun (iv)	–	215	11	226
	–	1,686	72	1,758

Seven months ended 31 October 2024				
		Salaries, allowances and benefits in kind	Contributions to retirement benefit schemes	Total
	<i>Fees</i> <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Liu Yong	–	767	26	793
Sui Zhaokang	–	94	8	102
Sun Gangjun	–	163	8	171
	–	1,024	42	1,066

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Seven months ended 31 October 2023 (unaudited)					
		Fees	Salaries, allowances and benefits in kind	Contributions to retirement benefit schemes	Total
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Chen Bin	(iii)	–	–	–	–
Liu Yong		–	768	27	795
Sui Zhaokang		–	93	9	102
Sun Gangjun	(iv)	–	99	5	104
		–	960	41	1,001

Notes:

- (i) Appointed on 18 April 2022.
- (ii) Resigned on 18 April 2022.
- (iii) Resigned on 26 June 2023.
- (iv) Appointed on 26 June 2023.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant periods.

During the Relevant Periods and the period covered by the Stub Period Comparative Financial Information, no remuneration was paid by Shundong Port to the directors of Shundong Port as an inducement to join or upon joining Shundong Port or as compensation for loss of office.

16. INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the three years ended 31 March 2024 and the seven months ended 31 October 2023 (unaudited) and 2024, one, one, two, two and two directors were included in the five individuals with the highest emoluments respectively, and their emoluments are disclosed in Note 15. The aggregate of the emoluments in respect of the remaining four, four, three, three and three individuals were as follows:

	Year ended 31 March			Seven months ended 31 October	
	2022	2023	2024	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	3,117	2,210	1,908	1,117	500
Contribution to retirement benefit scheme	56	48	64	37	19
	<u>3,173</u>	<u>2,258</u>	<u>1,972</u>	<u>1,154</u>	<u>519</u>

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During the three years ended 31 March 2024 and the seven months ended 31 October 2023 (unaudited) and 2024, the emoluments of four, four, three, three and three individuals with the highest emoluments respectively are within the following bands:

	Number of employees				
	Year ended 31 March			Seven months ended 31 October	
	2022	2023	2024	2023 (unaudited)	2024
Below HK\$1,000,000	2	3	2	3	3
HK\$1,000,001 to HK\$1,500,000	2	1	1	–	–
	<u>4</u>	<u>4</u>	<u>3</u>	<u>3</u>	<u>3</u>

During the three years ended 31 March 2024 and the seven months ended 31 October 2023 (unaudited) and 2024, no emoluments were paid by Shundong Port to the five highest paid individuals as an inducement to join or upon joining Shundong Port, or as compensation for loss of office.

17. PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

(a) Property, plant and equipment

	Buildings HK\$'000	Furniture, office equipment and motor vehicles HK\$'000	Total HK\$'000
At 1 April 2021			
Cost	–	3,123	3,123
Accumulated depreciation	–	(2,255)	(2,255)
Carrying amount	<u>–</u>	<u>868</u>	<u>868</u>
At 1 April 2021, net of accumulated depreciation	–	868	868
Additions	–	580	580
Exchange differences	–	100	100
Depreciation	–	(590)	(590)
At 31 March 2022, net of accumulated depreciation	<u>–</u>	<u>958</u>	<u>958</u>
At 31 March 2022			
Cost	–	4,242	4,242
Accumulated depreciation	–	(3,284)	(3,284)
Carrying amount	<u>–</u>	<u>958</u>	<u>958</u>

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	Buildings <i>HK\$'000</i>	Furniture, office equipment and motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2022, net of accumulated depreciation	–	958	958
Additions	–	5,237	5,237
Exchange differences	–	(79)	(79)
Depreciation	–	(480)	(480)
At 31 March 2023, net of accumulated depreciation	–	5,636	5,636
At 31 March 2023			
Cost	–	9,157	9,157
Accumulated depreciation	–	(3,521)	(3,521)
Carrying amount	–	5,636	5,636
At 1 April 2023, net of accumulated depreciation	–	5,636	5,636
Additions	–	826	826
Exchange differences	–	(287)	(287)
Depreciation	–	(1,581)	(1,581)
Disposal	–	(36)	(36)
At 31 March 2024, net of accumulated depreciation	–	4,558	4,558
At 31 March 2024			
Cost	–	9,258	9,258
Accumulated depreciation	–	(4,700)	(4,700)
Carrying amount	–	4,558	4,558
At 1 April 2024, net of accumulated depreciation	–	4,558	4,558
Additions	26,285	882	27,167
Exchange differences	(85)	39	(46)
Depreciation	–	(882)	(882)
Disposal	–	(539)	(539)
At 31 October 2024, net of accumulated depreciation	26,200	4,058	30,258

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	Buildings HK\$'000	Furniture, office equipment and motor vehicles HK\$'000	Total HK\$'000
At 31 October 2024			
Cost	26,200	9,469	35,669
Accumulated depreciation	—	(5,411)	(5,411)
Carrying amount	26,200	4,058	30,258

(b) Right-of-use assets

	At 31 March 2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	At 31 October 2024 HK\$'000
Carrying value				
– Leasehold land	—	—	—	7,260
Depreciation charge				
– Motor vehicles	80	—	—	—

	Year ended 31 March 2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	Seven months ended 31 October 2024 HK\$'000
Total cash outflow for leases (note)	548	132	127	126
Additions to right-of-use assets	—	—	—	7,283

Note: Amount includes payments of principal and interest portion of lease liabilities, short-term leases and payments of lease payments on or before lease commencement date. These amounts was presented in operating or financing cash flows.

During the seven months ended 31 October 2024, Shundong Port acquired a commercial unit in the PRC as its office premise at a net cost of approximately HK\$33,568,000. The addition of right-of-use assets of approximately HK\$7,283,000 represented the leasehold land portion of the abovementioned commercial unit. The remaining lease term of the leasehold land is 25.7 years.

APPENDIX II**ACCOUNTANTS' REPORT OF SHUNDONG PORT****18. INVESTMENT PROPERTIES**

	Year ended 31 March			Seven months ended
	2022	2023	2024	31 October
	HK\$'000	HK\$'000	HK\$'000	2024
				HK\$'000
FAIR VALUE				
At beginning of year/period	1,574,454	1,666,170	1,565,499	1,507,397
Additions	15,264	9,922	7,023	1,707
Fair value adjustment	8,986	12,964	17,038	13,748
Exchange adjustments	67,466	(123,557)	(82,163)	12,201
At end of year/period	<u>1,666,170</u>	<u>1,565,499</u>	<u>1,507,397</u>	<u>1,535,053</u>

The investment properties held by Shundong Port represents the oil and liquefied chemical terminal located in Shandong Province, the PRC.

Shundong Port leases out investment properties under operating leases. The leases typically run for an initial period of 2.38 years, 2.38 years, 0.58 to 5 years and 0.58 to 5 years during the three years ended 31 March 2024 and the seven months ended 31 October 2024. All leases are on a fixed rental basis and do not include variable lease payments.

The investment properties were pledged to secure bank borrowings (Note 24) as at 31 March 2022, 2023 and 2024. During the seven months ended 31 October 2024, the pledge was released upon the settlement of the relevant bank borrowings by Shundong Port.

The details of fair value measurement of investment properties are set out in Note 7.

19. TRADE, BILLS AND LEASE RECEIVABLES

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
From independent third parties, net of loss allowance				
Trade receivables from contracts				
with customers	155,635	163,437	149	150
Bills receivables	1,234	–	–	–
Lease receivables	–	26,901	39,738	22,685
	<u>156,869</u>	<u>190,338</u>	<u>39,887</u>	<u>22,835</u>

As at 1 April 2021, trade receivables from contracts with customers net of allowance for credit losses amounted to Nil.

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

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

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0-90 days	104,078	164,538	31,187	22,685
91-180 days	52,791	25,605	8,551	–
181-365 days	–	195	–	–
Over 365 days	–	–	149	150
	<u>156,869</u>	<u>190,338</u>	<u>39,887</u>	<u>22,835</u>

As at the end of the reporting period, the analysis of trade, bills and lease receivables that were past due but not impaired, based on past due date, are as follows:

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0-30 days past due	52,791	25,605	8,551	–
Over 90 days past due	–	195	149	150
	<u>52,791</u>	<u>25,800</u>	<u>8,700</u>	<u>150</u>

As at 31 March 2022, 2023 and 2024 and 31 October 2024, Shundong Port did not hold any collateral over these balances. Details of Shundong Port's credit policy and impairment assessment on trade, bills and lease receivables for the Relevant Periods are set out in Note 6(a).

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current				
Prepayments for repair and maintenance (note ii)	–	57,135	–	–
Prepayments to suppliers	55,539	–	–	–
Sundry prepayments	13,419	4,861	1,977	785
Deposits	18,513	–	–	–
Advances to staff	–	–	1	–
Value-added tax ("VAT") receivables (note i)	12,957	12,642	90	2,214
Interest receivable on time deposits	–	–	–	2,530
Other receivables	<u>6,195</u>	<u>5,417</u>	<u>42</u>	<u>486</u>
	<u>106,623</u>	<u>80,055</u>	<u>2,110</u>	<u>6,015</u>
Non-current				
VAT receivables (note i)	<u>7,186</u>	<u>–</u>	<u>–</u>	<u>–</u>

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Notes:

- (i) As at 31 March 2022, 2023 and 2024 and 31 October 2024, other receivables comprises VAT receivables of approximately HK\$20,143,000, HK\$12,642,000, HK\$90,000 and HK\$2,214,000, of which an amount of approximately HK\$12,957,000, HK\$12,642,000, HK\$90,000 and HK\$2,214,000 will be used to offset output VAT within one year and hence is accounted for as a current asset whereas the remaining VAT receivables of HK\$7,186,000, Nil, Nil and Nil is classified as a non-current asset.
- (ii) As at 31 March 2023, the prepayment of approximately HK\$57,135,000 was made to an independent third party for the purpose of repair and maintenance of Shundong Port's investment properties in the PRC. During the year ended 31 March 2024, upon entering a long-term lease agreement with the present operator of the Port and Storage Facilities, the repair and maintenance work was ceased, and the said prepayment was fully refunded by the counterparty.

Details of impairment assessment on deposits and other receivables are set out in Note 6(a).

21. TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS BUT NOT OVER ONE YEAR/CASH AND CASH EQUIVALENTS

(a) Time deposits with original maturity over three months but not over one year

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Time deposits with original maturity over three months but not over one year	–	–	–	349,344

At 31 October 2024, time deposits with original maturity over three months but not over one year from the date of acquisition carried interest at prevailing market rate of 1.8% per annum.

At 31 March 2022, 2023 and 2024 and 31 October 2024, the balances that were placed with banks in the PRC and included in the time deposits above amounted to approximately Nil, Nil, Nil and HK\$349,344,000 respectively. Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

(b) Cash and cash equivalents

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Time deposits with original maturity not over three months	–	–	465,647	–
Cash at banks and on hand	55,670	81,712	99,175	3,161
	55,670	81,712	564,822	3,161

At 31 March 2024, time deposits with original maturity not over three months from the date of acquisition carried interest at prevailing market rate of 1.3% per annum.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

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At 31 March 2022, 2023 and 2024 and 31 October 2024, the balances that were placed with banks in the PRC and included in the cash and cash equivalents above amounted to approximately HK\$55,670,000, HK\$81,712,000, HK\$564,822,000 and HK\$3,161,000 respectively. Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

22. TRADE AND OTHER PAYABLES

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current				
Trade payables	12,773	–	–	–
Construction cost payables	35,882	27,741	19,244	18,758
Other tax payables	3,966	3,676	4,556	4,391
Receipts in advance on rental income	–	–	1,177	4,094
Rental deposits received	–	–	1,083	1,092
Accruals	1,079	999	2,585	916
Other payables	802	2,385	1,128	852
	<u>54,502</u>	<u>34,801</u>	<u>29,773</u>	<u>30,103</u>
Non-current				
Rental deposit received	–	–	10,396	10,480
	<u>–</u>	<u>–</u>	<u>10,396</u>	<u>10,480</u>

All current portion of other payables are expected to be settled or recognised as income within one year or are repayable on demand.

An aged analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0 to 90 days	<u>12,773</u>	<u>–</u>	<u>–</u>	<u>–</u>

The carrying amounts of Shundong Port's trade payables are denominated in RMB.

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23. AMOUNTS DUE FROM/(TO) GROUP COMPANIES

	<i>Notes</i>	At 31 March		At 31 October	
		2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2024 HK\$'000
Due from:					
– intermediate holding company	(a)	–	–	–	43,040
– a fellow subsidiary	(a)	–	1	1	2
		<u>–</u>	<u>1</u>	<u>1</u>	<u>43,042</u>
Due to:					
– fellow subsidiaries	(b)	233,368	292,308	347,555	355,834
– immediate holding company	(c)	202,000	167,913	146,260	168,293
– intermediate holding company	(a)	–	–	80,758	–
		<u>435,368</u>	<u>460,221</u>	<u>574,573</u>	<u>524,127</u>

Notes:

- (a) The amounts are unsecured, interest-free and repayable on demand.
- (b) The amounts are unsecured and repayable on demand. As at 31 March 2022, 2023 and 2024 and 31 October 2024, except for amounts of approximately HK\$174,583,000, HK\$174,805,000, HK\$177,637,000 and HK\$184,535,000 respectively which are interest bearing at fixed interest rates ranging from 5% to 8% per annum, the remaining balances of approximately HK\$58,785,000, HK\$117,503,000, HK\$169,918,000 and HK\$171,299,000 respectively are interest-free.
- (c) The amounts are unsecured and repayable on demand. As at 31 March 2022, 2023 and 2024 and 31 October 2024, except for amounts of approximately HK\$494,000, HK\$457,000, HK\$433,000 and HK\$437,000 respectively which are interest bearing at fixed interest rate of 5% per annum, the remaining balances of approximately HK\$201,506,000, HK\$167,456,000, HK\$145,827,000 and HK\$167,856,000 respectively are interest-free.

24. BANK BORROWINGS

Shundong Port's bank borrowings are analysed as follows:

	At 31 March		At 31 October	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2024 HK\$'000
Fixed rate bank borrowings:				
– Secured	172,788	154,265	140,777	–
– Unsecured and guaranteed by independent third parties	<u>125,889</u>	<u>20,569</u>	<u>19,492</u>	<u>19,651</u>
	<u>298,677</u>	<u>174,834</u>	<u>160,269</u>	<u>19,651</u>

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ACCOUNTANTS' REPORT OF SHUNDONG PORT

Shundong Port's bank borrowings are analysed as follows:

	2022	At 31 March 2023	2024	At 31 October 2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Carrying amount repayable:*				
– Within one year	–	–	19,492	19,651
– After one year but within two years	–	20,569	–	–
– After two years but within five years	22,216	–	–	–
	22,216	20,569	19,492	19,651
Carrying amount of bank borrowings that contain a repayment on demand clause (shown under current liabilities)	276,461	154,265	140,777	–
	298,677	174,834	160,269	19,651
Less: Amounts due within one year and shown under current liabilities	(276,461)	(154,265)	(160,269)	(19,651)
Amount shown under non-current liabilities	22,216	20,569	–	–
Interest rate	4.8%–4.9%	4.8%–4.9%	4.8%–4.9%	8%

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

At the end of each reporting periods, all of the non-current portion of bank borrowings were carried at amortised cost. None of the non-current portion of bank borrowings was expected to be settled within one year.

The following assets and their respective carrying values as at the end of the reporting period are pledged to secure Shundong Port's bank borrowings:

	2022	At 31 March 2023	2024	At 31 October 2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Investment properties	1,666,170	1,565,499	1,507,397	–

25. PREFERRED SHARES

	2022	At 31 March 2023	2024	At 31 October 2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Preferred shares	387,539	378,234	379,015	394,104

In prior years, Shundong Port issued a series of preferred shares ("Preferred Shares") to two independent third parties. They are accounted for as financial liabilities at FVTPL.

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The key terms of the Preferred Shares are summarised as follows:

Dividend rights

The holders of the Preferred Shares are entitled to special dividend based on 8% of the issuance price when the following conditions are satisfied in a particular year: (i) Shundong Port made a distributable profit which is more than the special dividend for the year; and (ii) Shundong Port has accumulated distributable profit which is more than the special dividend for the year. Both profit for the year and accumulated distributable profit are determined in accordance with the PRC accounting standards.

Liquidation preferences

- (i) If the assets and funds available for distribution are less than the total contributions from preferred shareholders and ordinary shareholders of Shundong Port, the entire assets and funds legally available for distribution shall be distributed ratably among the preferred shareholders and ordinary shareholders in proportion to the contribution amount each such holder contributed to Shundong Port; and
- (ii) If the assets and funds available for distribution are in excess as compared to the total contributions from preferred shareholders and ordinary shareholders of Shundong Port, the distributions to preferred shareholders would be limited to the contributions made by the preferred shareholders to Shundong Port, plus the amount of dividends entitled by the preferred shareholders but not yet paid. The remaining assets and funds shall be distributed ratably among holders of ordinary shares of Shundong Port.

Other features

The Preferred Shares do not have any redemption feature or conversion feature.

Shundong Port applied the discounted cash flow method to determine its underlying equity value to determine the fair value of the Preferred Shares. The directors of Shundong Port considered that fair value changes of the Preferred Shares that are attributable to changes of credit risk of these instruments are not material. The details of the fair value measurement of Preferred Shares are set out in Note 7.

26. LEASE LIABILITIES

Shundong Port's lease payments are analysed as follows:

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	143	132	125	126
After one year but within two years	143	132	125	126
After two years but within five years	428	396	375	379
After five years	5,564	5,020	4,631	4,543
	6,135	5,548	5,131	5,048
	6,278	5,680	5,256	5,174
Less: Future finance charges	(3,901)	(3,436)	(3,236)	(3,238)
Present value of lease liabilities	2,377	2,244	2,020	1,936

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Shundong Port's present value of lease payments are analysed as follows:

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	126	111	101	98
After one year but within two years	126	107	97	94
After two years but within five years	326	294	267	258
After five years	1,799	1,732	1,555	1,486
	<u>2,251</u>	<u>2,133</u>	<u>1,919</u>	<u>1,838</u>
	2,377	2,244	2,020	1,936
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(126)</u>	<u>(111)</u>	<u>(101)</u>	<u>(98)</u>
Amount due for settlement after 12 months	<u>2,251</u>	<u>2,133</u>	<u>1,919</u>	<u>1,838</u>

27. DEFERRED TAX LIABILITIES

	Fair value adjustment on investment properties			Seven months ended
	Year ended 31 March			31 October
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At beginning of year/period	146,989	181,494	194,889	211,814
Charged to profit or loss (Note 12)	27,750	26,889	27,393	16,747
Exchange difference	<u>6,755</u>	<u>(13,494)</u>	<u>(10,468)</u>	<u>1,667</u>
At end of year/period	<u>181,494</u>	<u>194,889</u>	<u>211,814</u>	<u>230,228</u>

In accordance with the accounting policy set out in Note 4, Shundong Port has not recognised deferred tax assets in respect of unused tax losses of approximately HK\$99,489,000, HK\$85,954,000, HK\$22,420,000 and HK\$22,793,000 as at 31 March 2022, 2023 and 2024 and 31 October 2024 respectively as it is not probable that future taxable profits against which the tax losses can be utilised will be available in the relevant tax jurisdiction and Shundong Port, and which will be expired by 2027, 2028, 2029 and 2029 respectively under current tax legislation. The unused tax losses of Shundong Port have not yet been agreed by the local authority.

APPENDIX II**ACCOUNTANTS' REPORT OF SHUNDONG PORT****28. PAID-UP CAPITAL**

	At 31 March		At 31 October	
	2022	2023	2024	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Paid-up capital	223,040	223,040	223,040	223,040
<i>Shown in the Historical Financial Information as:</i>				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At the end of reporting period	261,671	261,671	261,671	261,671

29. RESERVES**Nature and purpose of reserves****(a) Contributed surplus**

The contributed surplus of Shundong Port represented the share premium contributed by the shareholders prior to the Relevant Periods.

(b) Exchange reserve

Exchange differences arising from the translation of the net assets of Shundong Port from its functional currency (i.e. RMB) to the Company's presentation currency (i.e. HK\$) are recognised directly in OCI and accumulated in exchange reserve. The reserve is dealt with in accordance with the accounting policy of foreign currencies set out in Note 4.

30. CAPITAL RISK MANAGEMENT

Shundong Port manages its capital to ensure Shundong Port will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. Shundong Port's overall strategy remains unchanged during the Relevant Periods.

The capital structure of Shundong Port consists of debts, which include amounts due to fellow subsidiaries, immediate holding company and intermediate holding company (Note 23), bank borrowings (Note 24), preferred shares (Note 25) and equity attributable to owners of Shundong Port, comprising issued share capital, reserves and retained earnings.

The directors of Shundong Port review the capital structure on a regular basis. As part of this review, the directors of Shundong Port consider the cost of capital and the risks associated with the capital. The directors of Shundong Port balance its overall capital structure through payment of dividends, issuance of new shares and share buy-backs as well as the raising of new debts, if required.

APPENDIX II**ACCOUNTANTS' REPORT OF SHUNDONG PORT****31. OPERATING LEASE ARRANGEMENTS****As lessor**

As at 31 March 2022, 2023 and 2024 and 31 October 2024, the investment properties held by Shundong Port for rental purposes have committed leases for the next 1.13 years, 0.13 year, 4.33 years and 3.75 years respectively.

Undiscounted lease payments receivable on the lease are as follows:

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	169,844	21,290	114,450	115,380
After one year but within two years	22,995	–	114,450	115,380
After two years but within five years	–	–	267,049	201,914
	<u>192,839</u>	<u>21,290</u>	<u>495,949</u>	<u>432,674</u>

32. CAPITAL COMMITMENTS

Shundong Port's capital commitments at the end of the reporting period are as follows:

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital commitments in respect of:				
– construction of oil and liquefied chemical terminal	<u>3,548</u>	<u>113,199</u>	<u>8,966</u>	<u>11,504</u>

33. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the Historical Financial Information, Shundong Port has the following transactions with its related parties during the Relevant Periods.

Key management personnel remuneration

Remuneration for key management personnel of Shundong Port, including amounts paid to the directors of Shundong Port as disclosed in Note 15, is as follows:

	Year ended 31 March			Seven months ended 31 October	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000 (unaudited)	2024 HK\$'000
Short-term benefits	655	1,277	1,686	960	1,024
Post-employment benefits	16	58	72	41	42
	<u>671</u>	<u>1,335</u>	<u>1,758</u>	<u>1,001</u>	<u>1,066</u>

The remuneration of directors of Shundong Port and key executives is determined by reference to the performance of individuals and market trends.

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34. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Shundong Port's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flows will be, classified in Shundong Port's statement of cash flows from financing activities.

	Amount due to a non-controlling shareholder HK\$'000	Amounts due to group companies HK\$'000	Other borrowings HK\$'000	Bank borrowings HK\$'000	Lease liabilities HK\$'000	Preferred shares HK\$'000	Total HK\$'000
At 1 April 2021	120,541	246,554	10,610	176,387	2,687	333,832	890,611
<i>Changes in financing cash flows</i>	(131,863)	156,419	(11,310)	104,297	(214)	–	117,329
<i>Non-cash changes</i>							
Modification of leases	–	–	–	–	(209)	–	(209)
Fair value gain on preferred shares	–	–	–	–	–	38,800	38,800
Interest expenses	8,400	7,860	444	8,465	7	–	25,176
Reversal of interest income from a fellow subsidiary	–	1,507	–	–	–	–	1,507
Exchange differences	2,922	23,028	256	9,528	106	14,907	50,747
At 31 March 2022	–	435,368	–	298,677	2,377	387,539	1,123,961
At 1 April 2022	–	435,368	–	298,677	2,377	387,539	1,123,961
<i>Changes in financing cash flows</i>	–	64,101	–	(115,397)	(132)	–	(51,428)
<i>Non-cash changes</i>	–	–	–	–	–	–	–
Fair value gain on preferred shares	–	–	–	–	–	19,453	19,453
Interest expenses	–	10,312	–	13,554	16	–	23,882
Exchange differences	–	(49,560)	–	(22,000)	(17)	(28,758)	(100,335)
At 31 March 2023	–	460,221	–	174,834	2,244	378,234	1,015,533
At 1 April 2023	–	460,221	–	174,834	2,244	378,234	1,015,533
<i>Changes in financing cash flows</i>	–	140,707	–	(13,661)	(127)	–	126,919
<i>Non-cash changes</i>	–	–	–	–	–	–	–
Fair value gain on preferred shares	–	–	–	–	–	20,780	20,780
Interest expenses	–	10,040	–	8,192	20	–	18,252
Exchange differences	–	(36,395)	–	(9,096)	(117)	(19,999)	(65,607)
At 31 March 2024	–	574,573	–	160,269	2,020	379,015	1,115,877
At 1 April 2024	–	574,573	–	160,269	2,020	379,015	1,115,877
<i>Changes in financing cash flows</i>	–	(81,813)	–	(146,023)	(126)	–	(227,962)
<i>Non-cash changes</i>	–	–	–	–	–	–	–
Fair value gain on preferred shares	–	–	–	–	–	12,047	12,047
Interest expenses	–	5,777	–	3,647	24	–	9,448
Exchange differences	–	25,590	–	1,758	18	3,042	30,408
At 31 October 2024	–	524,127	–	19,651	1,936	394,104	939,818

35. EVENT AFTER REPORTING DATE

Save as elsewhere disclosed in this Historical Financial Information, there are no other material subsequent events undertaken by Shundong Port after 31 October 2024 and up to the date of issuance of this Historical Financial Information.

36. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Shundong Port in respect of any period subsequent to 31 October 2024.

1. BASIS OF PREPARATION

In connection with the proposed acquisition of 29.83% of the equity interest held by ordinary shareholders of Shundong Port that confers voting right and ordinary dividend right (the “**Common Equity Interest**”) in Shandong Shundong Port Services Company Limited* (山東順東港務有限公司) (“**Shundong Port**”), an indirect non-wholly owned subsidiary of Energy International Investments Holdings Limited (the “**Company**”) (the “**Proposed Acquisition**”), the unaudited pro forma consolidated statement of financial position (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the directors of the Company (the “**Directors**”) in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and is solely for the purpose to illustrate the effect of the Proposed Acquisition on the financial position of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) as at 30 September 2024 as if the Proposed Acquisition had been completed on 30 September 2024 (together with the Group hereinafter collectively referred to as the “**Enlarged Group**”).

The Unaudited Pro Forma Financial Information has been prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2024 as set out in the interim report of the Company dated 29 November 2024; and (ii) the statement of financial position of Shundong Port as at 31 October 2024 as extracted from the accountants’ report set out in Appendix II to this circular.

The Unaudited Pro Forma Financial Information of the Enlarged Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the Proposed Acquisition that are (i) directly attributable to the Proposed Acquisition; and (ii) factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the Unaudited Pro Forma Financial Information of the Enlarged Group may not purport to predict what the financial performance and cash flows or financial position of the Enlarged Group would have been if the Proposed Acquisition had been completed on 30 September 2024 nor in any future period or on any future dates.

The Unaudited Pro Forma Financial Information should be read in conjunction with the published interim report of the Group for the six months ended 30 September 2024 and the historical financial information of Shundong Port as set out in Appendix II to this circular and other financial information included elsewhere in this circular.

* For identification purpose only.

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE ENLARGED GROUP

2. UNAUDITED PRO FORMA FINANCIAL INFORMATION

	The Group as at 30 September 2024	Shundong Port as at 31 October 2024	Pro forma adjustments					Unaudited pro forma of the Enlarged Group
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000 (Note 5)	HK\$'000 (Note 6)	HK\$'000 (Note 7)	HK\$'000
Non-current assets								
Property, plant and equipment	39,105	30,258	(38,188)	-	-	-	-	31,175
Right-of-use assets	2,396	7,260	-	-	-	-	-	9,656
Investment properties	1,543,054	1,535,053	(1,543,054)	-	-	-	-	1,535,053
Interests in associates	223,850	-	-	-	-	-	-	223,850
	<u>1,808,405</u>	<u>1,572,571</u>	<u>(1,581,242)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,799,734</u>
Current assets								
Trade and lease receivables	12,840	22,835	(12,840)	-	-	-	-	22,835
Prepayments, deposits and other receivables	7,086	6,015	(5,627)	-	-	-	-	7,474
Amount due from intermediate holding company	-	43,040	(43,663)	-	-	623	-	-
Amount due from a fellow subsidiary	-	2	-	-	-	(2)	-	-
Financial assets at fair value through profit or loss	8,614	-	-	-	-	-	-	8,614
Time deposits with original maturity over three months but not over one year	-	349,344	-	(300,000)	-	-	-	49,344
Cash and cash equivalents	360,801	3,161	(355,618)	-	-	-	(2,100)	6,244
	<u>389,341</u>	<u>424,397</u>	<u>(417,748)</u>	<u>(300,000)</u>	<u>-</u>	<u>621</u>	<u>(2,100)</u>	<u>94,511</u>

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UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE ENLARGED GROUP

	The Group as at 30 September 2024	Shundong Port as at 31 October 2024	Pro forma adjustments					Unaudited pro forma of the Enlarged Group
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000 (Note 5)	HK\$'000 (Note 6)	HK\$'000 (Note 7)	HK\$'000
Current liabilities								
Other payables	36,855	30,103	(27,467)	-	-	-	-	39,491
Bank borrowing	19,935	19,651	(19,935)	-	-	-	-	19,651
Lease liabilities	2,576	98	(103)	-	-	-	-	2,571
Amounts due to fellow subsidiaries	-	355,834	(416,162)	-	-	60,328	-	-
Amount due to immediate holding company	-	168,293	(98,848)	-	-	(69,445)	-	-
Tax payables	3,739	-	-	-	-	-	-	3,739
	<u>63,105</u>	<u>573,979</u>	<u>(562,515)</u>	<u>-</u>	<u>-</u>	<u>(9,117)</u>	<u>-</u>	<u>65,452</u>
Net current assets	<u>326,236</u>	<u>(149,582)</u>	<u>144,767</u>	<u>(300,000)</u>	<u>-</u>	<u>9,738</u>	<u>(2,100)</u>	<u>29,059</u>
Total assets less current liabilities	<u>2,134,641</u>	<u>1,422,989</u>	<u>(1,436,475)</u>	<u>(300,000)</u>	<u>-</u>	<u>9,738</u>	<u>(2,100)</u>	<u>1,828,793</u>
Non-current liabilities								
Other payable	10,631	10,480	(10,631)	-	-	-	-	10,480
Preferred shares	397,593	394,104	(397,593)	-	-	-	-	394,104
Lease liabilities	1,964	1,838	(1,964)	-	-	-	-	1,838
Promissory notes	78,482	-	-	-	-	-	-	78,482
Deferred tax liabilities	228,145	230,228	(228,145)	-	-	-	-	230,228
	<u>716,815</u>	<u>636,650</u>	<u>(638,333)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>715,132</u>
Net assets	<u><u>1,417,826</u></u>	<u><u>786,339</u></u>	<u><u>(798,142)</u></u>	<u><u>(300,000)</u></u>	<u><u>-</u></u>	<u><u>9,738</u></u>	<u><u>(2,100)</u></u>	<u><u>1,113,661</u></u>

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**UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE ENLARGED GROUP**

	The Group as at 30 September 2024	Shundong Port as at 31 October 2024	Pro forma adjustments					Unaudited pro forma of the Enlarged Group
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000 (Note 5)	HK\$'000 (Note 6)	HK\$'000 (Note 7)	HK\$'000
Capital and reserves								
Share capital	10,806	261,671	(261,671)	-	-	-	-	10,806
Reserves	1,049,185	524,668	(536,471)	(61,886)	1,770	9,738	(2,100)	984,904
	1,059,991	786,339	(798,142)	(61,886)	1,770	9,738	(2,100)	995,710
Non-controlling interests	357,835	-	-	(238,114)	(1,770)	-	-	117,951
Total equity	1,417,826	786,339	(798,142)	(300,000)	-	9,738	(2,100)	1,113,661

Notes:

1. The unaudited condensed consolidated statement of financial position of the Group as at 30 September 2024 is extracted without adjustment from the published unaudited interim condensed consolidated statement of financial position of the Group for the six months ended 30 September 2024.
2. The statement of financial position of Shundong Port as at 31 October 2024 is extracted from the accountants' report of Shundong Port as set out in Appendix II to this circular.
3. Shundong Port is an indirect non-wholly owned subsidiary of the Company immediately before completion of the Proposed Acquisition. This unaudited pro forma adjustment represents the exclusion of the assets and liabilities of Shundong Port as at 30 September 2024 from the unaudited condensed consolidated statement of financial position of the Group to prevent double-counting, because the assets and liabilities of Shundong Port as at 31 October 2024 are included in the Unaudited Pro Forma Financial Information of the Enlarged Group.

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

4. This unaudited pro forma adjustment illustrates the financial impact to the balance of non-controlling interest as if the Proposed Acquisition was completed on 30 September 2024:

HK\$'000

As at 30 September 2024

Net assets of Shundong Port	798,142
Non-controlling interest % of Shundong Port after the completion of the Proposed Acquisition	15%
Non-controlling interest of Shundong Port after the completion of the Proposed Acquisition	119,721
Non-controlling interest of Shundong Port before the completion of the Proposed Acquisition	357,835
Decrease in non-controlling interest upon the completion of the Proposed Acquisition	238,114
Consideration of the Proposed Acquisition	300,000
	61,886

The Proposed Acquisition involves the acquisition of 29.83% of the Common Equity Interest in an indirect non-wholly owned subsidiary of the Company. Any difference between the consideration paid and the movement of non-controlling interests shall be recognised in equity.

5. This unaudited pro forma adjustment represents the share of profit or loss by non-controlling interest of Shundong Port during the month of October 2024.

HK\$'000

Net assets of Shundong Port as at 30 September 2024	798,142
Net assets of Shundong Port as at 31 October 2024	786,339
Change in net assets of Shundong Port in October 2024	(11,803)
Non-controlling interest % of Shundong Port after the completion of the Proposed Acquisition	15%
	(1,770)

6. This unaudited pro forma adjustment represents the movements of amount due from/(to) Shundong Port during the one month ended 31 October 2024, which represents the fund flows within the Group and the recognition of exchange realignment and profit or loss in that period by the Group.
7. This unaudited pro forma adjustment represents the estimated acquisition related costs of approximately HK\$2,100,000, which includes audit, legal, valuation and other professional services relating to the Proposed Acquisition. These estimated acquisition related costs shall be settled in cash of the Enlarged Group which are incremental costs directly attributable to the equity transaction and therefore shall be accounted for as a deduction from equity. This adjustment is not expected to have a continuing effect on the Enlarged Group.

8. The Proposed Acquisition involves the acquisition of 29.83% of the Common Equity Interest in Shundong Port, and also 100% equity interests of Faith Up Ventures Limited (the “**Target Company**”) and Hongkong Yingx Co., Limited (“**HK SPV**”). With reference to Note 2(b) of the accountants’ report as set out in Appendix II to this circular, the Target Company and HK SPV are investment holding companies and do not carry out any business since the dates of incorporation. Assets, liabilities and equity of the Target Company and HK SPV are insignificant to the Group as a whole, and are not included in the unaudited pro forma financial information.
9. Apart from the above, no other adjustment has been made to reflect any trading results or other transactions entered into by the Group or Shundong Port subsequent to 30 September 2024 for the unaudited pro forma consolidated statement of financial position as at 30 September 2024.

The following is the text of a report on the Company's reporting accountants, Crowe (HK) CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



國富浩華(香港)會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

The Board of Directors
Energy International Investments Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Energy International Investments Holdings Limited (the **"Company"**) and its subsidiaries (hereinafter collectively referred to as the **"Group"**) prepared by the directors of the Company (the **"Directors"**) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 September 2024 and related notes as set out in Appendix III to the circular dated 16 April 2025 (the **"Circular"**) issued by the Company (the **"Unaudited Pro Forma Financial Information"**) in connection with the proposed acquisition of 29.83% of the equity interest held by ordinary shareholders of Shundong Port that confers voting right and ordinary dividend right in Shandong Shundong Port Services Company Limited* (山東順東港務有限公司) (**"Shundong Port"**), an indirect non-wholly owned subsidiary of the Company (the **"Proposed Acquisition"**). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-6 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Proposed Acquisition on the Group's financial position as at 30 September 2024 as if the Proposed Acquisition had taken place at 30 September 2024. As part of this process, the information about the Group's financial position has been extracted by the Directors from the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 September 2024 as set out in the interim report of the Company dated 29 November 2024, in which no audit or review report has been published.

DIRECTORS' RESPONSIBILITIES FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **"Listing Rules"**) and with reference to Accounting Guideline (**"AG"**) 7 *"Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars"* issued by the Hong Kong Institute of Certified Public Accountants (the **"HKICPA"**).

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have complied with the independence and other ethical requirements of the “*Code of Ethics for Professional Accountants*” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “*Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*” issued by HKICPA, which requires the firm to design, implement and operates a system of quality management including policies or procedures regarding compliance with ethical requirements professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS’ RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2024 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 16 April 2025

Chan Wing Fai
Practising Certificate Number P07327

* For identification purpose only.

Set out below is the management discussion and analysis of Shundong Port for the three financial years ended 31 March 2024 and seven months ended 31 October 2024 (collectively, the “**Relevant Periods**”) which is prepared based on the financial information of Shundong Port as set out in Appendix II to this circular.

A. BUSINESS OVERVIEW

Shundong Port owns two sea area use rights covering an aggregate area available for land-forming and reclamation construction of approximately 31.59 hectares in Dongying Port, Shandong Province, the PRC and permitting the construction of reclamation and land-forming for use in sea transportation and port facilities for a 50-years’ period running from 13 November 2014 to 13 November 2064 and 23 February 2016 to 22 February 2066 respectively. Shundong Port has completed the construction and commenced leasing of its Port and Storage Facilities since 2017, with full commercial operation having been achieved in May 2018.

B. REVIEW OF FINANCIAL RESULTS**Revenue**

The revenue of Shundong Port was approximately HK\$521 million, HK\$367 million, HK\$242 million and HK\$86 million for the Relevant Periods, respectively. The revenue is mainly contributed from the rental income of the Port and Storage Facilities of approximately HK\$156 million, HK\$158 million, HK\$164 million and HK\$86 million, and provision of agency services and trading of oil and liquefied chemical products of approximately HK\$365 million, HK\$209 million, HK\$78 million and nil for the Relevant Periods, respectively. Decrease in the revenue during the Relevant Periods was mainly due to the decrease in the revenue from the trading of oil and liquefied chemical products as this business operation was temporarily suspended during the year ended 31 March 2024, due to the changes in the market dynamics and the reduction on the profit margin.

Cost of sales

The cost of sales of Shundong Port was approximately HK\$356 million, HK\$205 million, HK\$84 million and HK\$7 million for the Relevant Periods, respectively. The cost of sales is mainly contributed from the direct operating cost of the leasing business of the Port and Storage Facilities and the cost of oil and liquefied chemical products sold. Decrease in the cost of sales during the Relevant Periods was in line with the decrease in revenue.

Gross profit

During the Relevant Periods, the gross profit of Shundong Port was approximately HK\$165 million, HK\$162 million, HK\$158 million and HK\$79 million, respectively. The stable rental income generated from the leasing of Port and Storage Facilities enables Shundong Port to maintain the gross profit position.

Other income and other gains/(losses), net

During the Relevant Periods, Shundong Port recorded other income and other gains/(losses), net of approximately HK\$37 million, HK\$23 million, HK\$11 million and HK\$10 million, respectively. The other income and other gains/(losses), net were mainly attributable to the fair value gain on the Preferred Equity Interest and impairment loss and reversal of impairment loss on trade and lease receivables.

Selling and distribution expenses

During the Relevant Periods, the selling and distribution expenses of Shundong Port were approximately HK\$15 million, HK\$9 million, HK\$2 million and HK\$3 million, respectively. The selling and distribution expenses were mainly attributable to the distribution expenses for the trading of oil and liquefied chemical products and the business taxes and surcharges.

Administrative expenses

During the Relevant Periods, the administrative expenses of Shundong Port were approximately HK\$16 million, HK\$17 million, HK\$23 million and HK\$8 million, respectively. The administrative expenses were mainly attributable to the staff cost, office expenses and depreciation of property, plant and equipment.

Finance costs

During the Relevant Periods, the finance costs of Shundong Port were approximately HK\$25 million, HK\$24 million, HK\$18 million and HK\$9 million, respectively. The finance costs were mainly attributable to the interest on bank borrowings, amount due to a non-controlling shareholder and amount due to a fellow subsidiary. Decrease in finance cost during the Relevant Periods was mainly due to the settlement of certain bank borrowings and amount due to a non-controlling shareholder.

Profit for the year/period

During the Relevant Periods, Shundong Port recorded a profit for the year/period of approximately HK\$55 million, HK\$74 million, HK\$96 million and HK\$50 million, respectively. Increase in profit for the year/period during the Relevant Periods was mainly due to the increase in fair value gain on investment properties and the decrease in net other income and other gains/(losses), selling and distribution expenses and finance costs.

C. CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2022, 2023 and 2024 and 31 October 2024, the current assets of Shundong Port were approximately HK\$319 million, HK\$352 million, HK\$607 million and HK\$424 million, respectively, and the current liabilities of Shundong Port were approximately HK\$766 million, HK\$649 million, HK\$765 million and HK\$574 million, respectively. The current ratio of Shundong Port, calculated as the current assets divided by the current liabilities, as at 31 March 2022, 2023 and 2024 and 31 October 2024 was approximately 0.4, 0.5, 0.8 and 0.7, respectively.

The aggregate bank deposits (including time deposits with original maturity over three months but not over one year) and cash in hands of Shundong Port as at 31 March 2022, 2023 and 2024 and 31 October 2024 were approximately HK\$56 million, HK\$82 million, HK\$565 million and HK\$353 million, respectively.

As at 31 March 2022, 2023 and 2024 and 31 October 2024, Shundong Port had bank borrowings of approximately RMB299 million, RMB175 million, RMB160 million and RMB20 million, respectively, all of which were bore fixed interest rate.

Shundong Port manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. Shundong Port overall strategy remains unchanged during the Relevant Periods. As at the Latest Practicable Date, the immediate holding company and fellow subsidiaries of Shundong Port undertook not to demand repayment for the advance amounts of approximately HK\$168 million and HK\$356 million respectively which are recorded as current liabilities of Shundong Port until Shundong Port has sufficient funds to repay the amounts and still be able to meet in full in its financial obligations after repayment.

The capital structure of Shundong Port consists of debts, which include amounts due to fellow subsidiaries, immediate holding company and intermediate holding company, bank borrowings, the Preferred Equity Interest and equity, comprising issued share capital, reserves and retained earnings.

D. GEARING RATIO

The gearing ratio of Shundong Port, which was calculated as total liabilities divided by total assets, was approximately 0.7, 0.6, 0.6 and 0.6 as at 31 March 2022, 2023 and 2024 and 31 October 2024, respectively.

E. CAPITAL COMMITMENT

As at 31 March 2022, 2023 and 2024 and 31 October 2024, Shundong Port had capital commitments contracted but not provided for in respect of the construction of Port and Storage Facilities of approximately HK\$4 million, HK\$113 million, HK\$9 million and HK\$12 million, respectively.

F. CONTINGENT LIABILITIES

As at 31 March 2022, 2023 and 2024 and 31 October 2024, Shundong Port did not have any significant contingent liabilities or material litigation.

G. EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, 2023 and 2024 and 31 October 2024, Shundong Port had 53, 43, 51 and 50 employees, respectively, and the total remuneration including the contribution to mandatory pension schemes, wages and salaries and other employee benefits amounted to approximately HK\$9 million, HK\$9 million, HK\$9 million and HK\$5 million for the Relevant Periods, respectively.

H. SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Shundong Port did not have any significant investments or material acquisitions or disposals of subsidiaries and associated companies during the Relevant Periods.

I. FUTURE PLANS AND PROSPECTS

In December 2020, Shundong Port entered into a lease agreement (the “**2020 Lease Agreement**”) with an independent third party (the “**Present Operator**”) whereby Shundong Port agreed to lease its storage and logistics facilities in Dongying Port (the “**Port and Storage Facilities**”) to the Present Operator with effect from 1 January 2021 until 19 May 2023.

Upon the expiry of the 2020 Lease Agreement, Shundong Port entered into a short-term lease agreement (the “**Short-term Lease Agreement**”) with the Present Operator on 18 May 2023, pursuant to which Shundong Port agreed to continue to lease the whole Port and Storage Facilities to the Present Operator up to 31 July 2023 at a monthly rent of RMB12.5 million (including value-added tax).

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

2023 (i.e. the date immediately after the expiry of the Short-term Lease Agreement) and expiring on 31 July 2028 at a monthly rent of RMB9.6 million (including value-added tax).

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

On 20 December 2024, Shundong Port entered into a supplemental agreement (the “Supplemental Agreement”) with the Present Operator, pursuant to which the expiry date of the New Lease Agreement was extended to 31 July 2030 and the gross monthly rent (including value-added tax) has increased from RMB9.6 million to RMB10.6 million with effect from 1 August 2026 until 31 July 2029, and has further increased to RMB11.7 million with effect from 1 August 2029 until 31 July 2030.

Leveraging the ample experience of Shundong Port’s specialist team, and barring the unforeseen circumstances, Shundong Port anticipates that the Port and Storage Facilities will continue to contribute significant income to Shundong Port whether through leasing or self-operation.

Shundong Port used to engage in trading of oil and liquefied chemical products, but such trading business has temporarily suspended during the year ended 31 March 2024 due to changes in the market dynamics, where the procurement and sales chain has become increasingly streamlined. Customers tended to purchase oil and liquefied chemical products directly from refineries, bypassing trading intermediaries, which significantly reduced the profit margins of the trading business. As a result, the Group decided to temporarily suspend its trading operations and focus its resources on strengthening Shundong Port’s core business of leasing port and storage facilities. Shundong Port will consider restarting its trading of oil and liquefied chemical products business only when the above unfavorable business environment changes and the trading business can generate sufficient profit margin to Shundong Port.

J. CHARGES ON ASSETS

As at 31 March 2022, 2023 and 2024, the entire investment properties of approximately HK\$1,666 million, HK\$1,565 million and HK\$1,507 million were pledged for Shundong Port’s bank borrowings. As at 31 October 2024, Shundong Port did not have any charges on assets, upon the settlement of relevant bank borrowings during the seven months period ended 31 October 2024.

K. FOREIGN CURRENCY MANAGEMENT

As the principal assets and liabilities of Shundong Port were denominated in its functional currency of RMB, foreign exchange exposure risk is remote.

The following is the text of the Business Valuation Report, prepared for the purpose of incorporation in this circular, received from APAC Asset Valuation and Consulting Limited, an independent valuer, in connection with its valuation on the appraised value of 29.83% of the Common Equity Interest in Shundong Port as at 31 January 2025.



APAC Asset Valuation and Consulting Limited

Unit 309, 3/F, Wing On Plaza, 62 Mody Road, Kowloon, Hong Kong

T: (852) 2357 0085

F: (852) 2951 0799

The Directors

Energy International Investments Holdings Limited

Units 4307–08, Office Tower

Convention Plaza

1 Harbour Road

Wanchai, Hong Kong

Date: 8 April 2025

Dear Sir/Madam,

RE: VALUATION OF THE FAIR VALUE OF THE COMMON EQUITY INTEREST IN 山東順東港務有限公司

In accordance with your instructions, we have undertaken a valuation on behalf of Energy International Investments Holdings Limited (“**Energy International**”) to determine the fair value (“**Fair Value**”, to be defined below) of the common equity interest (“**Common Equity Interest**”) in 山東順東港務有限公司 (the “**Target Company**”) as at 31 January 2025 (“**Valuation Date**”). The Target Company had Common Equity Interest and Preferred Equity Interest, and its latest shareholdings are exhibited in the below table.

Shareholdings as at 31 January 2025

	Common Equity Interest percentage
Ordinary shareholders	
– 中海香港投資有限公司	46.67%
– 山東逸燦港務有限公司	44.83%
– 國優能源貿易(山東)有限公司	8.50%
Preferred shareholders	
– 山東輝開能源貿易有限公司	–
– 山東華暉商貿有限公司	–
Total	100%

According to the management of Energy International (the “**Management**”), the holders of Preferred Equity Interest do not have voting rights and right to profit-based variable dividend and they do not hold the Common Equity Interest. Each percentage point of voting rights is essentially the same as each percentage point of the Common Equity Interest of the Target Company.

In this exercise, we are instructed to provide an opinion of the valuation of 29.83% of the Common Equity Interest of the Target Company on a controlling stake basis. In this exercise, the Fair Value of the Preferred Equity Interest is deducted from the net assets value to arrive at the Fair Value of the Common Equity Interest of the Target Company.

The Target Company is principally engaged in the business of leasing of oil and liquefied chemical terminal, together with its storage and logistics facilities, and provision of agency services and trading of oil and liquefied chemical products.

The purpose of this valuation is to express an independent opinion of the Fair Value of Common Equity Interest of the Target Company as at the Valuation Date for circular reference purpose. The valuation result should not be construed to be a fairness opinion, a solvency opinion or an investment recommendation. It is inappropriate to use our valuation report for purpose other than its intended use or by third parties. These third parties should conduct their own investigation and independent assessment of captioned subjects.

We relied upon completeness, accuracy and fair representation of operational, financial information and business plans in relation to the business provided by the Management. The Fair Value of the Common Equity Interest of the Target Company is subject to a number of assumptions concerning historical financial information and its current financial position. To the extent that any of these assumptions or facts changed, the result of the valuation would be changed accordingly.

STANDARD OF VALUE

We will conduct the valuation exercises in accordance with International Valuation Standards (the “**IVS**”) and provide our opinion of values in formal reports. According to the IVS, our opinion of the Fair Value is defined as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

The valuation will be prepared in accordance with the IVS as published by International Valuation Standards Council.

PREMISE OF VALUE

Premise of value is an assumption regarding the most likely set of transaction circumstances that may be applicable to the subject valuation such as going concern or liquidation.

A going concern value represents the value of a business enterprise that is expected to continue to operate into the future. A liquidation value represents the value of the business on the premise that all assets of the enterprise will be disposed on a piecemeal basis.

APPENDIX V**BUSINESS VALUATION REPORT**

This report is prepared using the premise that the subject company is a going concern, which presumes that the subject business enterprise will continue to operate into the future.

FINANCIAL OVERVIEW

Based on the unaudited financial statements, the financial position of the Target Company is summarised in the below table.

Statement of Financial Position at 31 January 2025

	Book Value <i>RMB'000</i>
NON-CURRENT ASSETS	
Property, plant and equipment	27,403
Right of use assets	6,650
Investment properties	1,406,620
Total non-current assets	1,440,673
CURRENT ASSETS	
Trade and lease receivables	48,137
Prepayments and other receivables	7,223
Amount due from intermediate holding company	39,424
Amount due from a fellow subsidiary	2
Time deposits with original maturity over three months but not over one year	320,000
Cash and cash equivalents	1,951
Total current assets	416,737
CURRENT LIABILITIES	
Other payables and accruals	27,458
Bank borrowing	18,000
Lease liabilities	90
Amount due to immediate holding company	154,161
Amounts due to fellow subsidiaries	328,752
Total current liabilities	528,461
NET CURRENT LIABILITIES	(111,724)
TOTAL ASSETS LESS CURRENT LIABILITIES	1,328,949

	Book Value <i>RMB'000</i>
NON-CURRENT LIABILITIES	
Preferred shares	361,000
Other payable	9,600
Lease liabilities	1,683
Deferred tax liabilities	<u>211,016</u>
Total non-current liabilities	<u><u>583,299</u></u>
Net assets	<u><u>745,650</u></u>

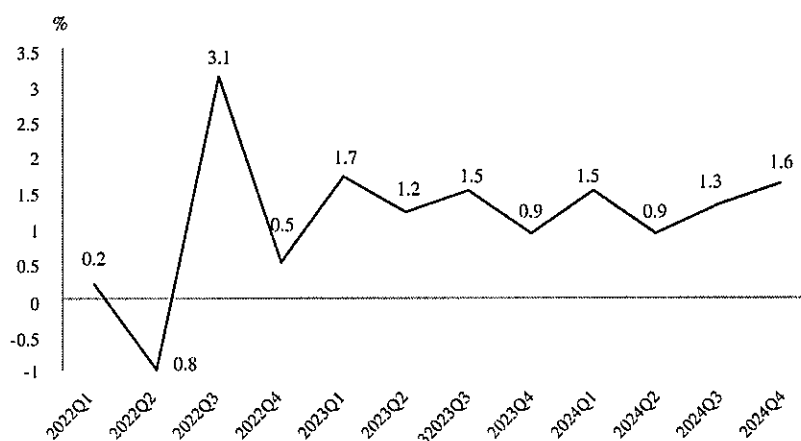
ECONOMIC OVERVIEW

As the Target Company operates in China, its business is influenced by the country's economic conditions and market fluctuations. We have assessed the economic environment in China, from which the Target Company is expected to generate its future income.

China's GDP grew by a rate of 1.6% in Q4 2024, accelerating from an 1.3% increase in Q3 and marking the strongest quarterly growth since Q1 2023. This represents the 10th consecutive quarter of growth, supported by a series of stimulus measures introduced since September to revive economic momentum and address persistent challenges. These challenges include rising deflation risks, weak domestic demand, a prolonged downturn in the property sector, and high levels of local government debt. On the monetary policy front, the People's Bank of China (PBoC) has maintained a supportive stance, reducing the Reserve Requirement Ratio (RRR) for commercial banks by 50 basis points in both September and February, alongside cuts to several key interest rates to enhance liquidity and stimulate economic activity.

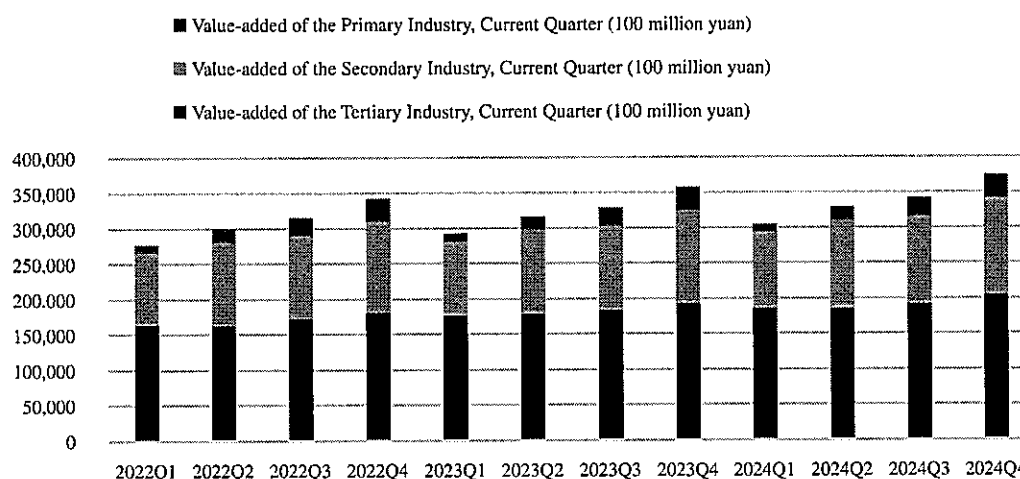
However, despite these efforts, there might be risks that remain due to a challenging external environment and subdued domestic demand. It has underscored the necessity for more proactive and effective macroeconomic policies to ensure a sustained economic recovery.

Chart 1 – Year-on-year GDP Growth Rate



Source: National Bureau of Statistics

Chart 2 – Value-added of Industry, Current Quarter (100 million yuan)



Source: National Bureau of Statistics

Money supply and credit maintained steady growth. The People's Bank of China (PBOC) reduced the required reserve ratio (RRR) by a total of one percentage point in February and September, releasing approximately RMB2 trillion in long-term liquidity. Additionally, the PBOC employed a combination of monetary policy tools, including open market operations (OMOs), medium-term lending facility (MLF) operations, central bank lending, and discount facilities, while also conducting government bond transactions to ensure adequate liquidity at reasonable levels. These measures aimed to promote a balanced credit supply, optimise the allocation of underutilised financial resources, and enhance the quality and efficiency of financial services supporting the real economy.

The overall cost of social financing remained stable with a downward trend. In January, the PBOC lowered the interest rates on central bank lending for rural development, micro and small businesses (MSBs), and the central bank discount rate by 0.25%. Furthermore, the 7-day reverse repo rate was reduced by a cumulative 0.3% in July and September, contributing to a gradual decline in financing costs. It continued to promote the market-based reform of the deposit rate and guided market rates, including the loan prime rate (LPR), to move down. Third, the credit structure was improved. The PBOC launched new policies to bolster the real estate market. It lowered the interest rate on existing mortgage loans, unified the minimum down payment ratio for first- and second-home buyers, and it improved central bank lending for government-subsidised housing. It launched the Securities, Funds, and Insurance Companies Swap Facility (SFISF) as well as central bank lending for share buybacks and shareholding increases to support stable development of the stock market. It pressed ahead with the use of central bank lending for sci-tech innovation and technological transformation, and it intensified financial support for large-scale equipment renewal and trade-in of consumer goods. It lowered the threshold for access to inclusive MSB loans and expanded the list of financial institutions eligible for the Carbon Emission Reduction Facility (CERF), making good use of the existing structural monetary policy tools. Fourth, the exchange rate remained basically stable. Upholding

the decisive role of the market in the formation of the exchange rate, the PBOC gave play to the role of the exchange rate in adjusting the macro economy and the balance of payments, maintained exchange rate flexibility, and strengthened expectation guidance. Fifth, risk prevention and resolution were strengthened. The PBOC improved financial risk monitoring and assessment, and it appropriately handled the risks in key areas and with key projects. The work of providing financial support to help resolve the debt risks of local government financing vehicles was promoted in an orderly way, and development of a financial stability guarantee system was stepped up.

In recent decades, China's expansionary policy has helped sustain rapid economic growth that outperforms most other countries. The share of world GDP in China has reached about 17%. It is against this backdrop that credit to Chinese businesses has increased even faster, supporting GDP growth, but the resulting leverage in the corporate sector makes it increasingly vulnerable to shocks.

Table 1 – GDP, current prices (Billions of U.S. dollars) in 2024

	China	United States	Europe	World
GDP	18,273.36	29,167.78	16,069.36	110,064.9
% of world GDP	16.60%	26.50%	14.59%	100%

Source: IMF, 2024

INDUSTRY OVERVIEW

Currently, external uncertainties are increasing, and global economic growth momentum has weakened. Domestically, the economy faces challenges such as insufficient effective demand and subdued social expectations.

In 2024, foreign trade is expected to recover gradually, supported by accelerating overseas demand expansion and steady growth in domestic demand, which will provide a boost to port throughput. China's port industry, one of the largest and busiest port networks globally, has developed a world-leading port system over the years. This system not only handles a wide range of cargoes – including containers, dry bulk, and liquid bulk – through services such as transport transshipment, loading and unloading, warehousing, storage, and distribution, but also ranks prominently among the world's major coastal ports in terms of throughput. Moving forward, regional cooperation and synergistic development will become key themes for the port industry, underpinning its promising long-term growth prospects.

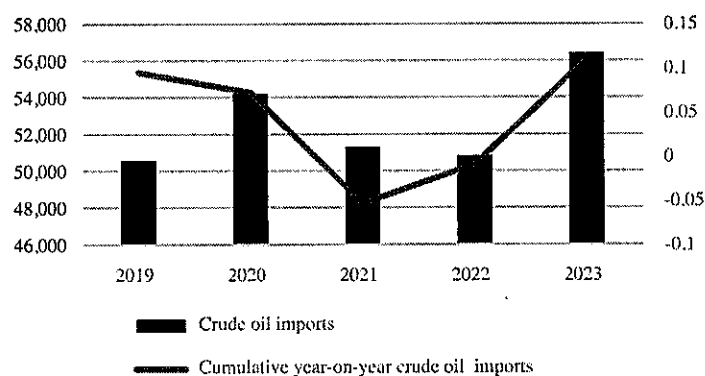
As the world's largest oil consumer, China remains heavily reliant on imports, with crude oil imports increasing by 11.0% year-on-year, driven largely by recovering energy demand. Looking ahead to 2025, China's economy is expected to continue its steady improvement, with energy demand projected to rise steadily. As a result, crude oil throughput at Chinese ports is likely to maintain its growth trajectory.

Table 2 – 2024 Cargo and Container Throughput in China's Coastal Areas

	Cargo Throughput (tonnes)		Container Throughput (million TEU)	
	Cumulative since the beginning of the year	year-on-year growth rate	Cumulative since the beginning of the year	year-on-year growth rate
Liaoning	68,178	-0.2	1,220	4.0
Hebei	128,098	3.2	368	
Tianjin	53,690	3.7	2,210	4.8
Shandong	191,846	4.8	4,134	8.1
Shanghai	72,264	5.6	4,739	6.7
Jiangsu	51,264	6.8	681	10.0
Zhejiang	155,529	3.3	4,167	10.3
Fujian	67,552	-0.9	1,637	-1.6
Guangdong	177,178	3.0	6,444	8.5
Guangxi	40,860	2.6	822	13.8
Hainan	20,281	7.4	332	11.5

Source: The Ministry of Transport of PRC

Chart 3 – Crude oil imports (tonnes)



Source: National Bureau of Statistics

In the long run, the domestic port competition pattern is basically stable, regional cooperation and synergistic development will gradually become an important tone for the future development of the port industry. In addition, according to the Ministry of Transport issued the 'waterway' 14th Five-Year Development Plan, '14th Five-Year Plan' period of China's efforts to improve the quality and efficiency of the construction of world-class ports, the protection of the ability to moderately ahead of the level of intelligent, green and safe development level significantly increased to support national strategies The focus will be on building high-capacity port hubs, promoting the high-quality development of intermodal transport, and improving management capacity and level. In the future, the port industry will accelerate the construction of world-class ports and transform towards green ports and smart ports, while continuing to promote the development of intermodal transport and management enhancement. Overall, as an important transport infrastructure, the overall credit risk of the port industry is low and the industry outlook is stable.

VALUATION METHODOLOGY AND BASIS

We have conducted the valuation in accordance with the IVS. The valuation procedures employed include an assessment of key assumptions, estimates, and representations made by the proprietor or the operator of the Target Company. All the matters we consider essential to the proper understanding of the valuation are disclosed in our valuation report. In arriving at our assessed value, we have considered three accepted approaches, namely, income approach, asset-based approach and market approach.

Income approach: provides an indication of value by converting future cash flows to a single current asset value, and is commonly applied to an aggregation of assets consisting of all assets of a business enterprise, including working capital and tangible and intangible assets. Value is derived based upon the present worth of economic benefits of ownership of asset.

Asset-based approach: provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. Value is established based on cost of reproducing or replacing the asset, less depreciation or amortisation from functional and economic obsolescence, if present and measurable.

Market approach: provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available, and incorporating adjustments to be made for any difference between the properties of the comparable assets and the subject asset being appraised.

In this valuation, the Target Company is principally engaged in the business of leasing of oil and liquefied chemical terminal, together with its storage and logistics facilities. Given the unique nature of its assets, which include berths, harbor basins, and storage facilities, there is a lack of comparable public companies with similar holdings. As a result, the market approach is not considered suitable for this valuation.

The cash flows generated by these properties are inherently reflected in the Fair Value of the investment properties themselves. Consequently, the asset-based approach, rather than the income approach, is typically adopted when appraising investment holding businesses that primarily own and manage investment properties, such as the Target Company.

For the purpose of our valuation, we have also derived the Fair Value of the Common Equity Interest based on the available information and presently prevailing as well as prospective operating conditions of the business and by taking into consideration other pertinent factors which basically include the followings:

- the market and the business risks;
- the general economic outlook as well as specific investment environment;
- the nature and current financial status;
- the historical performance;
- the assumptions as stated in the section of Assumptions in this report.

Valuation of the Common Equity Interest of Target Company

Based on the financial statements provided by the Management, the net assets value of the Target Company is approximately RMB745,650,000. The provisional financial position of the Target Company are summarised in the below table:

Statement of Financial Position at 31 January 2025

	Book Value <i>RMB'000</i>
NON-CURRENT ASSETS	
Property, plant and equipment	27,403
Right of use assets	6,650
Investment properties	<u>1,406,620</u>
Total non-current assets	<u>1,440,673</u>
CURRENT ASSETS	
Trade and lease receivables	48,137
Prepayments and other receivables	7,223
Amount due from intermediate holding company	39,424
Amount due from a fellow subsidiary	2
Time deposits with original maturity over three months but not over one year	320,000
Cash and cash equivalents	<u>1,951</u>
Total current assets	<u>416,737</u>
CURRENT LIABILITIES	
Other payables and accruals	27,458
Bank borrowing	18,000
Lease liabilities	90
Amount due to immediate holding company	154,161
Amounts due to fellow subsidiaries	<u>328,752</u>
Total current liabilities	<u>528,461</u>

	Book Value RMB'000
NON-CURRENT LIABILITIES	
Preferred shares	361,000
Other payable	9,600
Lease liabilities	1,683
Deferred tax liabilities	211,016
	<hr/>
Total non-current liabilities	583,299
	<hr/> <hr/>
Net assets	745,650
	<hr/> <hr/>

Asset-Based Approach – Adjusted Net Assets Value Analysis

As part of our analysis, we have conducted a high-level review of the breakdown and nature of the assets and liabilities held by the Target Company. We have also relied to a considerable extent on information provided by the Management in arriving at our appraisal of these assets and liabilities. Details of adjustments (if any) to the assets and liabilities to reflect Fair Value basis is outlined as follows.

1. Property, plant and equipment:

The property refers to Office Building No. 3, The Yellow River Delta International Plaza, located in the Dongying Economic and Technological Development Zone (“**Dongying ETDZ**”), at 379 Yunhe Road, Dongying City, Shandong Province, PRC. The property was acquired by the Target Company in August 2024. The property ownership certificate number is Lu (2024) Dongying Shi Bu Dong Chan Quan No. 0050392 (魯(2024)東營市不動產權第0050392號). The property comprises a three-storey office building with a gross floor area of approximately 1,938.05 square meters. The land use right is designated for commercial use, with tenure valid until July 2050.

In forming our opinion of Fair Value of the property, plant and equipment, we have adopted the market direct comparison approach, referencing comparable sales evidence available in the relevant market. Additionally, we have considered the incurred construction costs as well as the estimated costs required to complete the development, ensuring that the valuation reflects the quality of the completed project. The property, plant and equipment has been valued on the assumption that it will be developed and completed in accordance with the latest development proposal provided to us. Furthermore, we have assumed that all necessary consents, approvals, and licenses from relevant government authorities have been obtained without onerous conditions or undue delays.

For further details, please refer to the Property Valuation Report on the Office Building set on Appendix VI(B) to this circular.

2. Investment properties:

The investment properties comprise six berths and various ancillary facilities, including harbor basins and storage tanks for gas, refined oil, and petrochemicals. It have been leased to various port operators since commencing full-scale operations in May 2018. According to information provided by the Company, the total sea area of the investment properties is approximately 66.6328 hectares, which includes 28.0939 hectares of construction reclamation land (建設填海造地), 3.4988 hectares of permeable structures (透水構築物), and 35.0401 hectares of harbor basin (港池, 蓄水) and water-retaining areas. The sea area use rights will expire on 13 November 2064 and 22 February 2066, respectively.

We have adopted the Income Approach – Income Capitalisation Method in forming our opinion of Fair Value of the investment properties. As the investment properties are properties held for investment with rental income to be received in the future, we consider the Income Approach to be the most appropriate and widely accepted method for valuing rental-generating assets like the investment properties.

This method estimates the properties' value by capitalising its net rental income at an appropriate market-derived capitalisation rate, reflecting factors such as property type, rental growth expectations, capital appreciation, and associated risks. The Fair Value of the investment properties is determined by capitalising the expected annual rental income from the port and storage facilities, including income under the latest lease agreements and self-operated portions of the facilities.

For further details, please refer to the Property Valuation Report on the Investment Property set on Appendix VI(A) to this circular.

3. Trade and lease receivables, prepayments and other receivables and amounts due from intermediate holding company and a fellow subsidiary:

This represents trade and lease receivables, prepayments and other receivables and amounts due from intermediate holding company and a fellow subsidiary held by the Target Company. As at the Valuation Date, the Target Company has receivables in the amount of approximately RMB94,786,000. According to the Management, the trade and lease receivables, prepayments and other receivables and amounts due from intermediate holding company and a fellow subsidiary should be settled either on demand or in a short period of time and necessary impairment provision was made, and the carrying amounts of the receivables shall reflect their Fair Value as at the Valuation Date. We have assumed no material errors in the accounting record of the Target Company as at the Valuation Date.

4. Time deposits and Cash and cash equivalents:

This represents cash in banks and time deposits and is the most liquid asset available for use of the Target Company. The Fair Value of the time deposits and cash and cash equivalents is equal to its carrying amount.

5. Other payables and accruals:

This represents other payables and accruals held by the Target Company. Based on the discussion with the Management, all other payables and accruals should be settled either on demand or in short period of time and no material timing difference was noted, and the carrying amounts of the liabilities shall reflect their Fair Value as at the Valuation Date. We have assumed no material errors in the accounting record of the Target Company as at the Valuation Date.

6. Bank borrowing:

The bank borrowing of the Target Company carries interest rate, which is similar to the existing market interest rate in the People's Republic of China. We have adopted the book value of the loans in our valuation. We have assumed that no material recording errors were noted.

7. Lease liabilities:

The values of the lease liabilities would be equal to the sum of present values of the expected market rent and lease payments, derived using the discounted cash flow analysis as at the Valuation Date.

It is considered that the book values of lease liabilities were adopted as Fair Value. We have assumed no material errors in the accounting record of the Target Company as at the Valuation Date.

8. Amounts due to immediate holding company and fellow subsidiaries:

As at the Valuation Date, the Target Company has an amounts due to immediate holding company and fellow subsidiaries in the approximately amount of RMB154,161,000 and RMB328,752,000. According to the Management, the amounts due to immediate holding company and fellow subsidiaries should be settled either on demand or in short period of time and no material timing difference was noted, and the carrying amounts of the liabilities shall reflect their Fair Value as at the Valuation Date. We have assumed no material errors in the accounting record of the Target Company as at the Valuation Date.

9. Preferred shares:

The value of the preferred shares is appraised using the discounted cash flow method and is calculated as the sum of present values of the expected dividend payments as at the Valuation Date. The expected dividend payments are derived from the contract terms of the investment agreements relating to the preferred shares and the future cash flows are discounted at the rate of 5.5% per annum. This rate is derived with reference to comparable bond yields and the China risk-free rate as at the Valuation Date.

10. Deferred tax liabilities:

The deferred tax liability represents taxes deferred and not yet paid. We have calculated the deferred tax liabilities as the Fair Value changes of the Investment properties as the difference between their book values and Fair Value multiplied by the applicable profit tax rate of 25% based on the management's advice of relevant tax policies that would be applied to the Investment properties.

APPENDIX V**BUSINESS VALUATION REPORT****Adjusted Net Assets Value Analysis at 31 January 2025**

	Book Value <i>RMB'000</i>	Fair Value <i>RMB'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	27,403	25,253
Right of use assets	6,650	6,650
Investment properties	1,406,620	1,901,000
Total non-current assets	1,440,673	1,932,903
CURRENT ASSETS		
Trade and lease receivables	48,137	48,137
Prepayments and other receivables	7,223	7,223
Amount due from intermediate holding company	39,424	39,424
Amount due from a fellow subsidiary	2	2
Time deposits with original maturity over three months but not over one year	320,000	320,000
Cash and cash equivalents	1,951	1,951
Total current assets	416,737	416,737
CURRENT LIABILITIES		
Other payables and accruals	27,458	27,458
Bank borrowing	18,000	18,000
Lease liabilities	90	90
Amount due to immediate holding company	154,161	154,161
Amounts due to fellow subsidiaries	328,752	328,752
Total current liabilities	528,461	528,461
NON-CURRENT LIABILITIES		
Preferred shares	361,000	366,000
Other payable	9,600	9,600
Lease liabilities	1,683	1,683
Deferred tax liabilities	211,016	334,611
Total non-current liabilities	583,299	711,894
Net assets	745,650	1,109,285

After the abovementioned adjustments, the adjusted net assets value before marketability adjustment would be calculated as approximately RMB1,109,285,000.

DISCOUNT FOR LACK OF MARKETABILITY (“DLOM”)

Privately held companies are not readily marketable and would face more difficulty in converting its shares into cash as compared with publicly held companies. DLOM is commonly considered in the valuations of privately held companies to reflect difference in the marketability of the shares of the subject private companies and that of the selected publicly-traded comparable companies.

We generally select the appropriate DLOM based on the 2024 Stout Restricted Stocks Studies on Determining Discount for Lack of Marketability (“**Stout DLOM Studies**”), which incorporated an examination of 779 private placement transactions of unregistered common stock, with and without registration rights, issued by publicly traded companies from July 1980 through March 2024.

The Stout DLOM Studies summarise median DLOM based on the following industry classifications:

Industry	Transaction Count*	Median Discount
Mining	91	14.4%
Manufacturing	336	15.8%
Transaction, Communication, Electric, Gas and Sanitary Services	45	16.4%
Wholesale Trade	13	18.3%
Retail Trade	31	13.2%
Finance, Insurance, and Real Estate	99	11.4%
Services and Public Administration	163	22.1%

* According to the Stout DLOM Studies, one transaction from the agriculture industry has been excluded from this table.

We consider that the “Transportation, Communications, Electric, Gas and Sanitary Services” classification is the most relevant to the Target Company because:

- Industrial leasing operations: The Target Company’s business (leasing oil/chemical terminals and storage facilities) aligns with this category under Standard Industry Classification codes;
- Logistics Infrastructure: The storage and logistics of oil/chemicals are integral to transportation infrastructure and supply chains.

The Stout DLOM Studies do not disclose the mean DLOM for the above industry classifications. However, it is known that the data of Stout DLOM Studies is right-skewed (concentrated at lower discounts with a long tail of high discounts). We consider that the median discount (16.4%) is more representative than the mean, because the mean discount is inflated by outlier transactions with extremely high discounts.

The discount implied by these private placement transactions in comparison with the corresponding publicly traded common stocks, and is generally considered an appropriate proxy for DLOM for closed held private businesses.

The Fair Value of the Common Equity Interest of the Target Company as of Valuation Date

Net Assets Value after deducting the Fair Value of the Preferred Equity Interest (before marketability adjustment) (RMB'000)	(A)	1,109,285
Discount for Lack of Marketability	(B)	16.4%
Fair Value of the Common Equity Interest after marketability discount (RMB'000)	(A) x (1 – (B)) = (C)	927,362
Shareholding (%)	(D)	29.83%
Fair Value of the 29.83% of the Common Equity Interest of the Target Company (RMB'000)	(C) x (D) = (E)	276,632
Fair Value of the 29.83% of the Common Equity Interest of the Target Company (RMB'000) (rounded to the nearest million)		277,000

SOURCE OF INFORMATION AND CAVEATS

We have been provided with extracts of copies of relevant documents and financial information relating to the Target Company. We have relied upon the aforesaid information in forming our opinion of the Fair Value. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We have no reason to doubt the truth and accuracy of the said information which is material to the valuation. We have also been advised by the Target Company that no material facts have been omitted from the information provided. We have also made relevant inquiries and obtained further information as considered necessary for the purpose of this valuation.

While we have exercised our professional knowledge and cautions in adopting assumptions and other relevant key factors in our valuation, those factors and assumptions are still vulnerable to the change of the business, economic environment, competitive uncertainties or any other abrupt alternations of external factors.

ASSUMPTIONS

In the course of valuation, the following specific assumptions and caveats have been made. We have based on the followings to conclude the Fair Value of the Target Company.

- It is assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value.
- There will be no major changes in existing political, legal, fiscal or economic conditions in the country or district where the business is in operation.
- There will be no major changes in the current taxation law in the areas in which the Target Company carry on its business, that the rate of tax payable remains unchanged and that all applicable laws and regulations will be complied with.
- The inflation, interest rates and currency exchange rate will not differ materially from those presently prevailing.
- The Target Company will retain their management and technical personnel to maintain their ongoing operations.
- There will be no major business disruptions through international crisis, industrial disputes, industrial accidents or severe weather conditions that will affect the existing business.
- The Target Company will remain free from claims and litigation against the business or its customers that will have a material impact on value.
- The Target Company is unaffected by any statutory notice and the operation of the business will not give rise to any contravention of any statutory requirements.
- The business is not subject to any unusual or onerous restrictions or encumbrances.

LIMITING CONDITIONS

We have to a considerable extent relied on the financial data and other related information provided by the Target Company. We are not in a position to comment on the lawfulness of the business.

To the best of our knowledge, the statements of facts contained in this document, upon which the analysis and conclusions expressed are based, are true and correct. Information, estimates and opinions furnished to us and contained in this document or utilised in the formation of the Valuation were obtained from sources considered reliable and believed to be true and correct. However, no representation, liability or warranty for the accuracy of such items is assumed by or imposed on us.

To the extent that any of the adopted assumptions or facts provided to us are changed, the result of the Valuation would be different. It should be noted that the financial information regarding the Target Company provided to us has been represented by the Management and was assumed for the purposes of this opinion that such information was reasonably prepared with diligence and based on best efforts of the Management as to the current results of the operations and financial conditions of the Target Company.

Neither the whole, nor any part of this report and valuation, nor any reference thereto may be included in any documents, circular or statement without our written approval of the form and context in which it will appear.

MANAGEMENT CONFIRMATION OF FACTS

A draft of this report and our calculations have been sent to the Management. They have reviewed and orally confirmed to us that facts, as stated in this report and calculations, are accurate in all material respects. Management confirms that they have performed the necessary due-diligence on the information provided, and understands that any material changes or errors in such information could lead to a substantial change in our valuation result. As of the date of this report, they are not aware of any material matters relevant to our engagement that were excluded.

Management should also acknowledge that the valuation was carried out using theoretical valuation approaches, and thus could be different from any potential transaction prices. The valuation result should therefore be used for Energy International's circular reference purpose only. It is noted that the Management has reviewed all valuation results and agreed with all relevant valuation inputs and calculations.

REMARKS

Unless otherwise stated, all money amounts are stated in Renminbi ("RMB").

We hereby confirm that we have neither present nor prospective interests in Energy International, the Target Company and their respective holding companies, subsidiaries and associated companies, or the value reported herein.

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Target Company, Energy International and us.

OPINION OF THE VALUE

Based on the investigation and analysis stated above and on the method employed, we are of the opinion that as at the Valuation Date: the Fair Value of the 29.83% of Common Equity Interest of the Target Company on a controlling stake basis was reasonably stated as **RMB277,000,000**.

Yours faithfully,

For and on behalf of

APAC Asset Valuation and Consulting Limited

Jasper Chan

CFA, FRM

Director

Notes:

Jasper Chan, *CFA, FRM*

Mr. Jasper Chan is a CFA® charterholder and a certified FRM® with 10 years of experience in handling valuations and financial modelling for financial reporting, merger and acquisition, financial derivatives, intangible assets, biological assets, mine valuations, etc. He also has extensive experience in providing valuation advisory services to private equity funds, and providing litigation support in relation to commercial and matrimonial disputes. His work has covered a range of different industries including manufacturing, financial services, mineral resources, forestry, IT, pharmaceutical, casinos & gaming, etc.

The followings are the text of the Properties Valuation Reports, prepared for the purpose of incorporation in this circular, received from APAC Asset Valuation and Consulting Limited, an independent valuer, in connection with its valuation on the appraised value of the Properties held by Shundong Port as at 31 January 2025.

(A) PROPERTY VALUATION REPORT ON THE INVESTMENT PROPERTY**APAC Asset Valuation and Consulting Limited**

Unit 309, 3/F, Wing On Plaza, 62 Mody Road, Kowloon, Hong Kong

T: (852) 2357 0085

F: (852) 2951 0799

The Board of Directors
Energy International Investments Holdings Limited
Units 4307–08, Office Tower
Convention Plaza
1 Harbour Road
Wanchai, Hong Kong

8 April 2025

Dear Sirs,

**RE: LIQUID CHEMICAL BERTH NOS.1–6 AND OTHER RELEVANT FACILITIES,
SANTUDI, DONGYING PORT, DONGYING PORT ECONOMIC DEVELOPMENT
ZONE, DONGYING, SHANDONG PROVINCE, THE PEOPLE’S REPUBLIC OF
CHINA (THE “PROPERTY”)**

In accordance with the instructions from Energy International Investments Holdings Limited (the “**Company**”) for us to value the Property held by the Company and its subsidiaries (hereinafter together referred to as the “**Group**”) situated in The People’s Republic of China (the “**PRC**”), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 January 2025 (the “**Valuation Date**”) for the purpose of incorporation into the circular issued by the Company.

BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. The definition is in accordance with the “HKIS Valuation Standards 2020” published by the Hong Kong Institute of Surveyors.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

We are independent of the Company and our valuation is prepared in accordance with the “HKIS Valuation Standards 2020” published by the Hong Kong Institute of Surveyors and the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

VALUATION ASSUMPTIONS

No allowance has been made in our valuation report for any charge, mortgage or amount owing on the Property nor for any expense or taxation which may be incurred in effecting a sale. According to the legal opinion dated 8 April 2025 provided to us by the Company’s PRC legal adviser, Shandong Lingxian Law Firm, the Property is owned by Shandong Shundong Port Services Company Limited (“**Shundong Port**”) and free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

VALUATION METHODOLOGY

Our valuation has been made on the assumption that the owners sell the Property on the open markets without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the value of the Property.

The Property comprises 6 berths and various ancillary facilities such as harbour basins and gas, refined oil and petrochemical tanks and is leased to various port operators since its full-scale operation in May 2018. According to the information provided by the Company, on 12 July 2023, Shundong Port entered into a lease agreement (the “**Lease Agreement**”) with the current operator of the Property (the “**Present Operator**”). Under this agreement, the Present Operator continues to lease the storage and logistics facilities in Dongying Port (the “**Port and Storage Facilities**”), except for the 14 gas tanks (the “**Self-operated Gas Tanks**”), which have been repossessed and are now self-operated by Shundong Port. The lease term is five years, commencing on 1 August 2023. The Present Operator, in turn, subleases individual storage tanks to different end-users. On 20 December 2024, Shundong Port entered into a supplemental agreement (the “**Supplemental Agreement**”) with the Present Operator, pursuant to which the

expiry date of the Lease Agreement was extended to 31 July 2030 and the gross monthly rent (including value-added tax (“VAT”)) has increased from RMB9.6 million to RMB10.6 million with effect from 1 August 2026 until 31 July 2029, and has further increased to RMB11.7 million with effect from 1 August 2029 until 31 July 2030. Under the self-operating model, Shundong Port leases each of the Self-operated Gas Tanks directly to different end-users, being independent third party customers principally including petrochemical industry players, for the periods of at least 3 months to over 1 year (depending on customers’ needs) to generate operating income in the form of rental income.

For the valuation of market value of a property, there are three generally adopted approaches, namely Market Approach, Income Approach and Cost Approach. Market Approach involves the analysis of recent market transaction evidence of similar properties to compare with the subject property and appropriate adjustments on the differences between the comparable properties and subject property is allowed. This method is generally adopted for properties with adequate sales evidence, such as residential and office properties. Income Approach is the method converting the income stream of a property into the market value. It is most adopted and accepted for valuation of property creates rental income because purchaser and investor prefer to estimate the market value of an income producing property based on the estimated income. Cost Approach is the method that provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or construction. Cost Approach shall not be applied in a valuation unless there is no suitable market information and the subject property is not income producing.

Adopted Valuation Method

As the Port and Storage Facilities generate rental income from lease agreements and Self-operated Gas Tanks, we have adopted Income Approach – Income Capitalisation Method in the valuation. Market Approach is not suitable for this valuation as there is no market transaction record available to carry out this valuation method. In view of the market condition and characteristic of the Property, we believe Income Approach is the appropriate and widely accepted valuation method for a rental generating assets like the Property in this valuation. This method provides an indication of value by converting future rental income to a current value of a property by capitalising the net rental income derived from the existing tenancies with due provision for any reversionary potential of the property at an appropriate rate. Under the Income Capitalisation Method, the value of a property is arrived by capitalising the annual rental income by a market capitalisation rate, which is based on the analysis of yields of comparable properties of similar type with the following formula:

$$\text{Market capitalisation rate} = \frac{(\text{Annual rental income})}{(\text{Property's value})} \times 100\%$$

Capitalisation rate is estimated by reference to the yields generally expected by the market for comparable properties of similar type of the Property, which implicitly reflect the type and quality of the comparable properties, the expectation of the potential future rental growth, capital appreciation and relevant risk factors (including but not limited to the change in

occupancy rate and vacancy period for the leasing activity of a property). Therefore, the market value of the Property is arrived by capitalising the expected annual rental income derived from the Port and Storage Facilities (i.e. annual rental income derived from the lease under the Lease Agreement, the Supplemental Agreement and the self-operation of the Self-operated Gas Tanks) by a capitalisation rate. The Company has provided a forecast of the rental income and costs and expenses of the Property ending at 31 March 2030 to us.

Income Forecast

As explained by the Company, the estimation of the rental income is based on: (a) the rent willing to be paid by a willing tenant (being independent third party) for the entire Port and Storage Facilities following arm's length negotiation, such rent being comparable to historical rent paid by tenant (being independent third party) in the past; (b) the rent willing to be paid by the same willing tenant for the Port and Storage Facilities (with the exception of the Self-operated Gas Tanks) following arm's length negotiation; (c) the Company's research on the actual range of market rental of gas, refined oil and petrochemical tanks which is obtainable through self-operation, which is higher than the rental obtainable through leasing to the said willing tenant even assuming the lower range for the sake of prudence; (d) the Company's projection of the rental trend, based on inflation; and (e) the Company's projection of the occupancy, based on historical occupancy made known to the Company by the tenant during the tenure of the previous leasing of the Property and the Lease Agreement. After considering the trend of rental income of the Property, the current market condition and the Lease Agreement, we are in the opinion that the estimation of the rental income in the forecast is fair and reasonable.

Operating Costs and Expenses Forecast

The forecast also comprises the estimation of operating costs and expenses of the Property. As explained by the Company, the estimation of the costs and expenses is based on the historical figures with allowance of inflation. We have checked the estimation of the costs and expenses in the forecast with the historical figures and found that the estimation of the costs and expenses in the forecast is in line with the historical costs and expenses. In view of the current market condition and no significant change in the status of the Property, we believe the estimation of the costs and expenses in the forecast is fair and reasonable. We have deducted the estimated costs and expenses from the estimated rental income to arrive at the annual net rental income.

Net Operating Income (“NOI”) and NOI ratio

The Company has provided a forecast of the rental income and costs and expenses of the Property for the period from 1 February 2025 to 31 March 2030 to us. The NOI and NOI ratio (defined as the proportion of NOI to rental income (excluded VAT)) were calculated as below.

	Total rental income (excluded VAT) (RMB'000)	Total costs and expenses (RMB'000)	NOI (RMB'000)	NOI ratio
1 February 2025–31 March 2025	24,190	8,905	15,285	63.2%
1 April 2025–31 March 2026	146,321	54,287	92,034	62.9%
1 April 2026–31 March 2027	154,880	55,251	99,629	64.3%
1 April 2027–31 March 2028	159,805	56,199	103,606	64.8%
1 April 2028–31 March 2029	161,098	57,133	103,965	64.5%
1 April 2029–31 March 2030	170,503	58,185	112,318	65.9%

By averaging the NOI ratio from 1 February 2025 to 31 March 2030, a NOI ratio of 64.3% was derived.

Capitalisation Rate

The value of the Property within the forecast period is the annual net rental income capitalised by a capitalisation rate of 7.3%, which is based on analyses of the yields of comparable properties of similar type in the subject location after due adjustments. Such capitalisation rate is estimated by reference to the yields generally expected by the market for comparable properties of similar type, which implicitly reflected the expectation of rental growth, capital appreciation and relevant risks.

The comparable property data used in the valuation were primarily sourced from local real estate agency websites and listing platforms (58.com), which are widely regarded in the market as reliable sources of transactional and asking price information. As Shundong Port is located in the northeastern part of Dongying City, an area primarily designated for self-operated chemical plants, petroleum companies, and new materials manufacturing, there are no directly leasable comparable properties in the immediate vicinity. As a result, it was necessary to extend the search radius to include comparable properties located within approximately 70 kilometres of the Property. Nevertheless, the selected comparables were all situated in locations with similar industrial functions and, where possible, within the same administrative district as the Property to ensure geographic and economic relevance. Each of these comparable properties was designated for industrial use, consistent with the usage classification of the Property. The asking rents and sale prices across these comparables were found to be generally consistent, without significant outliers or volatility, indicating a stable and transparent local market.

In arriving at the capitalisation rate, we have made reference to market prices and rent information of appropriate comparable properties situated within close proximity to the Property and noted that the implied market capitalisation rate, where total rental income excluded VAT was used in the calculation, was approximately 9.8%.

Due adjustment to the market capitalisation rate of these comparable properties has then been made to reflect difference between the Property and these comparable properties in terms of marketability and uniqueness, and the inherent risk associated with investment in the Property. An additional adjustment of 1.5% was applied to the market yield of industrial property to reflect asset-specific risk compensation, considering the non-standard industrial use nature of the Property. Unlike standard industrial warehouses or logistics facilities, port storage facilities involve additional operational complexities, regulatory compliance factors, and market liquidity risks, which justify a risk premium. The adjustment was determined by referencing historical yield spreads between standard industrial assets and specialised port-related assets, ensuring that the adopted rate reasonably reflects market expectations.

The capitalisation rate is then adjusted by the NOI ratio, which is rounded at 64.3% based on the forecast and represents the ratio between the NOI (the difference between the total rental income excluded VAT and the total annual costs and expenses) and the total rental income excluded VAT.

The capitalisation rate adopted in the valuation was calculated as follow:

Capitalisation rate

= (market capitalisation rate + adjustment) × NOI ratio

= (9.8% + 1.5%) × 64.3%

= 7.3%

Therefore, we have adopted a capitalisation rate of 7.3% in our valuation.

Item	31 October 2024	31 January 2025
Market yield of industrial property	10.8%	9.8%
Risk adjustment	2.0%	1.5%
NOI Ratio	62.5%	64.3%
Capitalisation rate	8.0%	7.3%

By comparing the valuation inputs adopted as at 31 January 2025 with those used as at 31 October 2024, it is evident that the inputs applied remain fair and reasonable, and reflect updated market observations and forecasts.

As at 31 January 2025, the market yield of industrial property decreased from 10.8% to 9.8%, based on updated market data collected from reliable local real estate platforms such as 58.com. This downward movement in market yield reflects a modest softening in market expectations, partly due to a reduction in the average asking rents of leasable comparables in nearby regions. Despite this, the market remains stable, with comparable properties continuing to show consistency in asking prices and yields.

In terms of operating performance, the NOI ratio increased slightly from 62.5% to 64.3%, primarily due to the rental increment stipulated in the Supplemental Agreement entered into on 20 December 2024, which led the Company to revise its income and expense forecasts. This improvement reflects supporting the stronger income-generating potential of the Property over the forecast period.

The capitalisation rate, derived from the market yield adjusted for property-specific risks and the NOI ratio, decreased from 8.0% to 7.3% over the period. This reduction is a result of (i) a lower market yield, (ii) an improved NOI ratio, and (iii) a risk premium of 1.5% was applied to account for the non-standard nature of the Property as a port logistics facility. This premium represents a downward adjustment from the previous 2.0%, justified by the improved income visibility and maturing operations of the Property following the execution of the Supplemental Agreement. The resulting capitalisation rate of 7.3% is considered reasonable, as it reflects updated income expectations, risk-adjusted market benchmarks, and capital market sentiment toward similar assets.

Overall, the movement in valuation inputs is supported by market evidence, updated lease forecasts, and a consistent valuation methodology. The changes observed are incremental and directionally consistent with market and operational developments during the period from 1 November 2024 to 31 January 2025. Accordingly, the capitalisation rate and NOI assumptions adopted as at 31 January 2025 are considered fair, reasonable, and reflective of prevailing market conditions.

Terminal Capitalisation Rate and Terminal Value

The value of the Property after the forecast period and until the end of the tenure of the Property (the “**Reversionary Period**”) is estimated by capitalising the estimated net annual rental income of the year following the forecast period using a terminal capitalisation rate of 4.3%, and then further discounting the resulting value to its present value.

The terminal capitalisation rate of 4.3% was derived by subtracting the long-term inflation rate of 3.0% from the initial capitalisation rate of 7.3%. The rationale for this adjustment is that, over a long-term investment horizon, rental income and property value typically appreciate in line with inflation, which justifies a lower discount rate for the reversionary value of the property. The applied inflation rate reflects historical economic trends and market expectations, ensuring that the terminal value represents a realistic exit yield for similar port infrastructure investments.

Although the terminal capitalisation rate was calculated using a long-term inflation adjustment, the terminal value itself does not assume perpetual operations. Instead, it was calculated over the remaining unexpired term from 31 March 2030 to 13 November 2064, which aligns with the earliest expiry date of the sea use rights of Shundong Port. The valuation fully reflects the finite nature of the sea use rights and does not assume any extension or perpetual use beyond 2064 or 2066. As such, the adoption of a terminal capitalisation rate and terminal value in this context is considered fair and reasonable.

We have carried out the following procedures to examine the forecast provided by the Company.

- (i) We have collected and studied the historical, existing and new lease agreements (including agreements for the Self-operated Gas Tanks) and discussed with the Company regarding the previous and current operation status of the Property.
- (ii) We have obtained the historical and market information regarding the rental information for the Self-operated Gas Tanks, and considered that the expected rental revenue to be derived from the Self-operated Gas Tanks is comparable to the market figures.
- (iii) We have collected the financial documents of the operation of the Property for the 3 years ended 31 March 2024 and 10 months period ended 31 January 2025 to understand the previous rental revenue, and costs and expenses of the Property.
- (iv) We have conducted personal interview with senior staff of the Group to analysis and understand the rationale of the forecast prepared by the Company and checked against the provided information.
- (v) We have observed the operation of the Property during the site inspection.

To sum up, we have made the following assumptions in the course of our valuation.

- 1. the Lease Agreement dated 12 July 2023 and the Supplemental Agreement dated 20 December 2024 for a term of 7 years commencing from 1 August 2023 and ending on 31 July 2030 in relation to the Port and Storage Facilities (excluding the Self-operated Gas Tanks) will not be terminated before the expiry of the lease period;
- 2. the Group will continue to maintain all the necessary licenses for the self-operation of part of the Port and Storage Facilities;
- 3. the operation mode of the Port and Storage Facilities, including the ratio between the self-operation part and the leased out part will not materially change;
- 4. there will be no major changes in the existing political, legal, fiscal and economic conditions in the PRC in which the Property is located;

5. there will be no major changes in the current taxation law in the PRC, that the rates of tax payable will remain unchanged and that all applicable laws and regulations will be complied with;
6. exchange rates, inflation rates and interest rates will not differ materially from those presently prevailing;
7. the availability of finance will not be a constraint on the forecast growth of the operations of the Port and Storage Facilities and the repayment of debts and liabilities when they fall due;
8. the Group will successfully maintain the competitiveness and utilisation of the Port and Storage Facilities after the self-operation of part of the Port and Storage Facilities;
9. the Group can keep abreast of the latest development of the industry such that its competitiveness and profitability can be sustained;
10. the Group will retain and has competent management, key personnel, and specialist team to support the ongoing operations of the Port and Storage Facilities;
11. any management changes or changes in ownership of the Group in the future will not have material adverse effects on the long-term profitability of the operations of the Port and Storage Facilities;
12. the labor market conditions will not differ materially from those presently prevailing;
and
13. the covered, unexposed or inaccessible parts of the Property which could not be inspected by us are assumed to be in reasonable condition.

TITLE AND ASSUMPTIONS

We have been provided with copies of extracts of title documents relating to the Property. However, we have not caused title searches to be made for the Property at the relevant government bureaus in the PRC and have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the Property in the PRC, we have relied on the legal opinion dated 8 April 2025 provided by the Company's PRC legal adviser, Shandong Lingxian Law Firm, regarding the title and other legal matters to the Property.

SOURCES OF INFORMATION

We have relied to a very considerable extent on information given by the Company and have accepted advice given to us on such matters as specifications of the port, area information, tenancy agreements and all other relevant matters. As per instruction, we have prepared our valuation based on the area information provided by the Company. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us by the Company and therefore are only approximations. We have no reason to doubt the truth and accuracy of the information provided to us by the Company and have been advised by the Company that no material facts have been omitted from the information provided.

We relied upon completeness, accuracy and fair representation of operational, financial information and business plans in relation to the Property provided by the Company. The market value of the Property is subject to numerous assumptions adopted in the prospective financial information provided by the Company. To the extent that any of these assumptions or facts changed, the result of the market value conclusion would be changed accordingly. Regarding the prospective financial information, it has been represented by the management of the Company and was assumed for the purposes of this opinion that such analysis and forecast were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments of their management. We can give no assurance that such financial analysis and forecast can be realised or that actual result will not vary materially from those projected. The Company has reviewed the forecast provided to us and considered that it is achievable and reasonable. The Company understood that if the actual result is significantly different from the forecast provided, our valuation result will be changed significantly and we have relied significantly on the forecast provided to arrive our opinion of value.

SITE INSPECTIONS

Site inspection of the Property was carried out in May 2023. Subsequently, a virtual site inspection was performed by Joe Z.H. Zhang in February 2025. During the virtual inspection, no significant changes were observed compared to the previous inspection. We have inspected the exterior and, where possible, the interior of the Property. We have not inspected those parts of the Property which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We have not carried out detailed measurements to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the title documents handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

In the course of our inspections, we did not notice any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free of rot, infestation or any other structural defects. No tests have been carried out on any of the services.

POTENTIAL TAX LIABILITY

As provided by the Company, the potential tax liability at an amount of approximately RMB333 million would arise if the Property was to be sold at the market value as at the valuation date. As the Company has no intention or plan to sell the Property, the likelihood for this tax liability to be crystallised is very low.

INDEPENDENCY

We do not have any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2024 (being the date to which the latest published audited financial statements of the Company were made up) and do not have any securities or direct or indirect shareholding interest in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

CURRENCY

Unless otherwise stated, all monetary amounts in our valuation are in Renminbi ("RMB").

Our valuation report is attached.

Yours faithfully,

For and on behalf of

APAC Asset Valuation and Consulting Limited

Sam K.S. Lo *MRICS, CPA, CFA, FRM*
Director

Joe Z.H. Zhang *MRICS*
Associate Director

Note: Mr. Sam, K.S. Lo is a member of the Royal Institution of Chartered Surveyors (MRICS). He is also a CPA, CFA and FRM member/charterholder. He has 18 years of extensive and diversified valuation experience on properties, companies, and financial instruments over Asia Pacific.

Mr. Joe Z.H. Zhang is a member of the Royal Institution of Chartered Surveyors (MRICS) and an Associate of CPA Australia (ASA). He has 13 years of extensive and diversified valuation and consultancy experience in the real estate related industries in Hong Kong, Mainland China and Southeast Asia.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Fair value in existing state as at 31 January 2025
Liquid Chemical Berth Nos. 1–6 and other relevant facilities, Santudi, Dongying Port, Dongying Port Economic Development Zone, Dongying, Shangdong Province, the PRC	<p>The Property commenced full-scale operations in May 2018, making it approximately seven years old as of the valuation date. Given its relatively recent development, the infrastructure remains in good operational condition, with no immediate need for major capital expenditures or renovations beyond regular maintenance.</p> <p>The Property includes 6 liquid chemical berths and their relevant harbour basins, fairways and oil tank areas, ancillary buildings and structure and their corresponding sea area use rights.</p> <p>According to the information provided by the Company, the total area of the sea area of the Property is 66.6328 ha., which comprises construction reclamation land (建設填海造地) of 28.0939 ha., permeable structures (透水構造物) of 3.4988 ha. and harbour basin (港池、蓄水) and water retaining area of 35.0401 ha.</p> <p>The expiry dates of the sea area use rights will be 13 November 2064 and 22 February 2066 respectively.</p>	<p>As at the valuation date, the Property, excluding the Self-operated Gas Tanks, was subject to a tenancy for a term expiring on 31 July 2030 with a monthly rent of RMB9,600,000 as at the valuation date. The monthly rent will increase from RMB9,600,000 to RMB10,600,000 from 1 August 2026 and further increase to RMB11,700,000 from 1 August 2029, according to the Supplemental Agreement dated 20 December 2024. The Self-operated Gas are being leased directly to different end-users for the periods of at least 3 months to over 1 year to generate operating income in the form of rental income.</p>	RMB1,901,000,000

Notes:

- Pursuant to the following two Reality Title Certificates issued by 東營市自然資源及規劃局, the owner of the sea area use rights is 山東順東港務有限公司 ("Shundong Port"). The details are listed as follows:

Location	Registration No.	Type of Right	Area of Sea Plot	Expiry Date
Northeastern area of Dongying, southwestern coastal area of Bohai	魯(2022)東營市不動權第0001553號	Rights to use sea area	28.0939 ha.	13 November 2064

APPENDIX VI

PROPERTIES VALUATION REPORTS

Location	Registration No.	Type of Right	Area of Sea Plot	Expiry Date
Northeastern area of Dongying, southwestern coastal area of Bohai	魯(2022)東營市 不動權 第0014765號	Rights to use sea area	38.5389 ha.	22 February 2066
2. Pursuant to the Port Operational Registration Form (港口服務經營備案登記表) – 370502-2021-008 issued by 東營市交通運輸局 dated 26 March 2024, Shundong Port is permitted to carry on the rental business of port facilities, equipment and machinery for the Property. The expiry date is 25 March 2026.				
3. We have been provided with a legal opinion on the Property dated 8 April 2025 issued by the Company's PRC legal adviser, which contains, <i>inter alia</i> , the followings:				
i. Shundong Port has legally obtained the sea area use rights of the Property and is the registered owner of sea area use rights and the fixture, ancillary facilities and equipment located thereon;				
ii. Shundong Port is entitled to occupy, use, earn from, dispose of (including but not limited to transfer or lease) the Property legally; and				
iii. there is no restriction for Shundong Port to sell, transfer and mortgage of the Property and the Property is free from other encumbrances such as sealing, freezing, compulsory expropriation and litigation.				
4. As advised by the Company, the license for Shundong Port to carry out rental business is valid for two years and is subject to renewal. Shundong Port has successfully renewed such license in the history without any material cost and obstacles. Therefore, no cost of renewal of the license was considered.				
5. The Property is subject to two sea use right certificates, set to expire in 2064 and 2066, respectively. The valuation was conducted under the assumption that Shundong Port would generate cash flows only up to 2064, and no operations would continue beyond this period. Therefore, no cost of renewing the sea use rights beyond 2064 was considered in the valuation.				
6. The increase in the valuation of the Property between 31 October 2024 and 31 January 2025 was the result of a combined effect of upward rental income projections and a slight reduction in the capitalisation rate, both of which significantly enhanced the Property's value under the Income Capitalisation Approach.				

The most notable driver of the increase is the contractually agreed rental escalations, as set out in the Supplemental Agreement dated 20 December 2024. Under the revised lease terms, the gross monthly rental will rise from RMB9.6 million to RMB10.6 million (effective from 1 August 2026 to 31 July 2029, representing a 10% increase), and further increase to RMB11.7 million (effective from 1 August 2029 to 31 July 2030, another 10% increase). These adjustments have led to a higher projected NOI, which directly strengthens the Property's income-generating capacity.

In parallel, the capitalisation rate adopted in the valuation decreased slightly to 7.3%, based on prevailing market benchmarks. This minor downward adjustment in the capitalisation rate, combined with the upward revision in rental income, results in a compounded uplift in the Property's implied value, reflecting both stronger income expectations and market yield trends.

(B) PROPERTY VALUATION REPORT ON THE OFFICE BUILDING**APAC Asset Valuation and Consulting Limited**

Unit 309, 3/F, Wing On Plaza, 62 Mody Road, Kowloon, Hong Kong

T: (852) 2357 0085

F: (852) 2951 0799

The Board of Directors

Energy International Investments Holdings Limited

Units 4307–08, Office Tower

Convention Plaza

1 Harbour Road

Wanchai, Hong Kong

8 April 2025

Dear Sirs,

RE: IN RESPECT OF A PROPERTY LOCATED IN DONGYING CITY, SHANDONG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA (THE "PROPERTY")

In accordance with the instructions from Energy International Investments Holdings Limited (the "**Company**") for us to value the Property held by the Company and its subsidiaries (hereinafter together referred to as the "**Group**") for owner occupation and situated in The People's Republic of China (the "**PRC**"), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 January 2025 (the "**Valuation Date**") for the purpose of incorporation into the circular issued by the Company.

BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". The definition is in accordance with the "HKIS Valuation Standards 2020" published by the Hong Kong Institute of Surveyors.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

We are independent of the Company and our valuation is prepared in accordance with the “HKIS Valuation Standards 2020” published by the Hong Kong Institute of Surveyors and the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the value of the Property.

No allowance has been made in our valuation report for any charge, mortgage or amount owing on the Property nor for any expense or taxation which may be incurred in effecting a sale. According to the legal opinion dated 8 April 2025 provided to us by the Company’s PRC legal adviser, Shandong Lingxian Law Firm, the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

VALUATION METHODOLOGY

For the valuation of market value of a property, there are three generally adopted approaches, namely Market Approach, Income Approach and Cost Approach. Market Approach involves the analysis of recent market transaction evidence of similar properties to compare with the subject property and appropriate adjustments on the differences between the comparable properties and subject property is allowed. This method is generally adopted for properties with adequate sales evidence, such as residential and office properties. Income Approach is the method converting the income stream of a property into the market value. It is most adopted and accepted for valuation of property creates rental income because purchaser and investor prefer to estimate the market value of an income producing property based on the estimated income. Cost Approach is the method that provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or construction. Cost Approach shall not be applied in a valuation unless there is no suitable market information and the subject property is not income producing.

Adopted Valuation Method

We have adopted the Market Approach for the valuation of the Property, as it is a self-used office and does not generate rental income. The Market Approach is suitable in this case because it involves analysing comparable office properties in the sales market and applying appropriate adjustments to account for differences between the comparables and the Property.

While there is adequate comparables available for office properties, the Property is a standalone high-end Corporate Mansion (“商業別墅”), and there is currently no price list available for another upcoming projects in the city. As a result, in addition to referring to general office property comparables within the same city, we have also considered comparable transactions in another city of a similar tier to account for the specific characteristics of this property type.

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Given this uniqueness, the Market Approach was selected as the most appropriate valuation method. The Cost Approach was not adopted because the valuation of an owner-occupied office property is typically driven by market demand and transaction comparability rather than construction costs alone. While the Cost Approach is useful in cases where market data is scarce, it does not reflect how buyers and sellers determine real estate value in an active market, especially for premium, non-standard office assets like Corporate Mansions.

The Market Approach was applied by analysing recent transactions of comparable office properties within Dongying City and similar-tier cities, adjusting for differences in location, size, property usage, and building specifications. Even though direct comparables for Corporate Mansions are limited, adjustments were made using broader office market data to ensure the valuation fairly represents the realistic market value of the asset. Given these considerations, the Market Approach provides the most accurate and reasonable estimation of the property's fair value, aligning with industry best practices for similar high-end commercial assets.

The fair value of approximately RMB28.5 million was determined based on the Market Approach, using key valuation inputs derived from comparable transactions. The primary valuation input is the Gross Floor Area ("GFA") of the Property, which is 1,938.05 sq.m. To establish a market-based valuation, we identified similar-type office property transactions within Dongying City as well as comparable Corporate Mansion projects in a similar-tier city within Shandong Province.

Nature	Comparable 1 Commercial	Comparable 2 Commercial	Comparable 3 Commercial	Comparable 4 Commercial	Comparable 5 Commercial	Comparable 6 Commercial
GFA (sq.m.)	651.98	214.00	91.61	440.00	425.50	5,940.00
Effective GFA (sq.m.)						
Price (RMB)	8,470,000	2,360,000	980,000	5,399,700	5,000,000	86,130,000
Unit Price (RMB/sq.m.)	12,991	11,028	10,698	12,272	11,751	14,500
Total Adjustments	25.4%	39.6%	39.3%	2.0%	2.0%	18.0%
Adjusted Unit Price (RMB/sq.m.)	16,294.6	15,389.8	14,902.4	12,518.0	11,982.9	17,110.6
Weight	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%
Adjusted Average Unit Rate (RMB/sq.m.)	14,699.7					
Adopted Unit Rate (RMB/sq.m.)	14,700.0					

Sources: 58.com (a local real estate agency websites and listing platforms)

The adopted unit rate of RMB14,700 per sq.m. was derived from six comparable commercial properties, including three Corporate Mansion-type units located in similar-tier cities within Shandong Province. Adjustments were made for asking vs. transacted prices, location, plot ratio, size, property type, and quality. Each comparable was assigned equal weight after adjustments. The resulting adjusted average unit rate of RMB14,699.7 per sq.m. supports the adopted valuation figure, and the methodology is consistent with generally accepted valuation standards.

To ensure accuracy, adjustments were made to account for differences between the Property and the selected comparables, considering factors such as location, size, plot ratio, property type, and overall building quality. Each comparable was adjusted accordingly, and a weighted average approach was applied, where all comparables were given equal weight to reflect market trends objectively. After applying these adjustments, the final weighted average unit rate for the Property was determined to be RMB14,700 per sq.m., which was then multiplied by the total GFA to derive the fair value of approximately RMB28.5 million.

TITLE AND ASSUMPTIONS

We have been provided with copies of extracts of title documents relating to the Property. However, we have not caused title searches to be made for the Property at the relevant government bureaus in the PRC and have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the Property in the PRC, we have relied on the legal opinion dated 8 April 2025 provided by the Company's PRC legal adviser, Shandong Lingxian Law Firm, regarding the title and other legal matters to the Property.

SOURCES OF INFORMATION

We have relied to a very considerable extent on information given by the Company and have accepted advice given to us on such matters as specifications of the port, area information, tenancy agreements and all other relevant matters. As per instruction, we have prepared our valuation based on the area information provided by the Company. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us by the Company and therefore are only approximations. We have no reason to doubt the truth and accuracy of the information provided to us by the Company and have been advised by the Company that no material facts have been omitted from the information provided.

SITE INSPECTIONS

A virtual site inspection was performed by Joe Z.H. Zhang in February 2025. During the virtual inspection, we have inspected the exterior and, where possible, the interior of the Property. We have not inspected those parts of the Property which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We have not carried out detailed measurements to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the title documents handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

In the course of our inspections, we did not notice any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property are free of rot, infestation or any other structural defects. No tests have been carried out on any of the services.

LIMITATION OF LIABILITIES

This report is issued on the understanding that you have drawn our attention to all matters of which they are aware concerning the Property which may have an impact on our report up to the valuation date. We have no responsibility to update this report for events and circumstances occurring after the date of our assessment but will be pleased to discuss further instructions as may be required.

INDEPENDENCY

We do not have any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2024 (being the date to which the latest published audited financial statements of the Company were made up) and do not have any securities or direct or indirect shareholding interest in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

CURRENCY

Unless otherwise stated, all monetary amounts in our valuation report are in Renminbi (“RMB”).

Our valuation report is attached.

Yours faithfully,
For and on behalf of
APAC Asset Valuation and Consulting Limited

Sam K.S. Lo *MRICS, CPA, CFA, FRM*
Director

Joe Z.H. Zhang *MRICS*
Associate Director

Note: Mr. Sam, K.S. Lo is a member of the Royal Institution of Chartered Surveyors (MRICS). He is also a CPA, CFA and FRM member/charterholder. He has 18 years of extensive and diversified valuation experience on properties, companies, and financial instruments over Asia Pacific.

Mr. Joe Z.H. Zhang is a member of the Royal Institution of Chartered Surveyors (MRICS) and an Associate of CPA Australia (ASA). He has 13 years of extensive and diversified valuation and consultancy experience in the real estate related industries in Hong Kong, Mainland China and Southeast Asia.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Fair value in existing state as at 31 January 2025
Office Building No. 3, The Yellow River Delta International Plaza, 379 Yunhe Road, Dongying City, Shandong Province, the PRC	Office Building No. 3 (completed in 2021 and approximately three years old as of the valuation date) of The Yellow River Delta International Plaza is a commercial building. The Property is a three-storey office building with a gross floor area of 1,938.05 sq.m. The land use right of the property has been granted for a term expiring on 12 July 2050 for commercial use.	As at the valuation date, the Property is a self-owned office property situated on commercial use land. It is intended for corporate office operations and is currently occupied by Shundong Port as its new office.	RMB28,500,000 (Purchased in August 2024 for the consideration of approximately RMB32,435,000, including value-added tax)

Notes:

- Pursuant to the Building Ownership Certificates – Lu (2024) Dong Ying Shi Bu Dong Chan Quan Di No. 0050392, the building ownership right of the Property with a total gross area of 1,938.05 sq.m., is legally owned by 山東順東港務有限公司 (“Shundong Port”).
- We have been provided with a legal opinion on the Property dated 8 April 2025 issued by the Company’s PRC legal adviser, which contains, *inter alia*, the followings:
 - Shundong Port has legally obtained the use right of the Property and is the registered owner of Property;
 - Shundong Port is entitled to occupy, use, earn from, dispose of (including but not limited to transfer or lease) the Property legally; and
 - there is no restriction for Shundong Port to sell, transfer and mortgage of the Property and the Property is free from other encumbrances such as sealing, freezing, compulsory expropriation and litigation.
- The book value of the Property as of 31 October 2024 was approximately RMB30.7 million. The valuation as of 31 January 2025, based on updated market conditions and comparable transactions, reflects an adjusted fair value of approximately RMB28.5 million. The decrease in valuation was attributable to the latest market transaction data, adjustments made to reflect current property market trends, and refinements in comparable analysis. The assumptions used in the valuation as of 31 January 2025 have been reviewed to ensure alignment with prevailing market conditions and valuation methodologies. There have been no material changes in the physical condition, land use right, or usage of the Property between the two valuation dates.

The following is the text of a report from Crowe (HK) CPA Limited, the reporting accountants of the Company for the purpose of incorporation in this circular.



國富浩華 (香港) 會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

8 April 2025

The Board of Directors
Energy International Investments Holdings Limited
Units 4307–08, Office Tower
Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

Dear Sirs

Energy International Investments Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”)

Profit Forecast for the period from 1 February 2025 to 31 March 2030

We refer to the forecast of the Group’s profit for the period from 1 February 2025 to 31 March 2030 (the “**Profit Forecast**”) set forth in the valuation of investment properties of the Group as at 31 January 2025 (the “**IP Valuation**”) in connection with the acquisition of 29.83% of the equity interest held by the ordinary shareholders of Shandong Shundong Port Services Company Limited that confers voting right and ordinary dividend right.

Directors’ Responsibilities

The Profit Forecast has been prepared by the directors of the Company, which is adopted by the directors of the Company on the IP Valuation, based on a forecast of the consolidated results of the Group for the period from 1 February 2025 to 31 March 2030.

The Company’s directors are solely responsible for the Profit Forecast.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “*Code of Ethics for Professional Accountants*” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 “*Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Forecast based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “*Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness*” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “*Assurance Engagements Other than Audits or Reviews of Historical Financial Information*” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the directors of the Company have compiled the Profit Forecast in accordance with the bases and assumptions adopted by the directors of the Company and as to whether the Profit Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the bases and assumptions adopted by the directors of the Company as set out in the underlying calculation of the IP Valuation and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published consolidated financial statements for the year ended 31 March 2024 included in the 2023/2024 annual report of the Company dated 28 June 2024, and those relevant amendments to Hong Kong Financial Reporting Standards issued by the HKICPA which are mandatorily effective and adopted by the Group for the year ended 31 March 2025 as set out in the published consolidated financial statements for the six months ended 30 September 2024 included in the 2024/2025 interim report of the Company dated 29 November 2024.

Other matters

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the IP Valuation is based and our work does not constitute any valuation of the investment properties of the Group or an expression of an audit or review opinion on the IP Valuation.

The Profit Forecast depends on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.60A(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and for no other purpose. This letter may not be used or disclosed, referred or communicated (in whole or in part) to any party for any other purpose whatsoever, except with our prior written approval. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong

Chan Wing Fai
Practising Certificate Number P07327

APPENDIX VIII

REPORT FROM SHENWAN HONGYUAN ON THE FORECAST UNDERLYING THE VALUATION ON THE INVESTMENT PROPERTY

The following is the text of a report from Shenwan Hongyuan Capital (H.K.) Limited, the financial adviser to the Company, for the purpose of incorporation in this circular.



Shenwan Hongyuan Capital (H.K.) Limited
Level 6, Three Pacific Place
1 Queen's Road East
Hong Kong

8 April 2025

The Board of Directors
Energy International Investments Holdings Limited
Units 4307–08, Office Tower
Convention Plaza
1 Harbour Road, Wanchai
Hong Kong

Dear Sirs,

Profit Forecast for the period from 1 February 2025 to 31 March 2030

We refer to the forecast of the annual net incomes of the investment properties of Shundong Port (the “**Investment Property**”) for the period from 1 February 2025 to 31 March 2030 (the “**Profit Forecast**”) involved in the valuation report of the Investment Property as at 31 January 2025 prepared by APAC Asset Valuation and Consulting Limited (the “**Valuer**”) as mentioned in the announcement (the “**Announcement**”) of Energy International Investments Holdings Limited (the “**Company**”) dated 8 April 2025. Capitalised terms used in this letter shall have the same meanings as defined in the Announcement unless otherwise specified.

We have reviewed the Profit Forecast, for which you as the Directors are solely responsible, and other supporting documents. We have attended discussions involving the management of the Company, where (i) the historical net incomes of the Investment Property, (ii) the calculations of the Profit Forecast; and (iii) the bases and assumptions of the Profit Forecast were discussed. We have also considered the report to the Directors from Crowe (HK) CPA Limited as set out in Appendix I to the Announcement on the accounting policies and calculations of the Profit Forecast is based. The Profit Forecast is based on a number of bases and assumptions. As the relevant bases and assumptions are about future events which may or may not occur, the actual financial performance of the Investment Property may or may not achieve as expected and the variation may be material.

We are not reporting on the arithmetical calculations of the Profit Forecast and the adoption of the accounting policies thereof. We have assumed, without independent verification, the accuracy of the parameters in the Profit Forecast.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, and bases and assumptions selected, we are satisfied that the Profit Forecast, for which you as the Directors are solely responsible, has been made after due and careful enquiry by you.

The work undertaken by us in giving the above view has been undertaken for the purpose of reporting solely to you under Rule 14.60A(3) of the Listing Rules and for no other purpose. This letter may not be used or disclosed, referred or communicated (in whole or in part) to any party for any other purpose whatsoever, except with our prior written approval. We accept no responsibility to any other person in respect of, arising out of or in connection with our work or this letter.

Yours faithfully,
For and on behalf of
Shenwan Hongyuan Capital (H.K.) Limited
Donald Leung **Henry Li**
Executive Director *Senior Vice President*
Corporate Finance

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and chief executives' interests and short positions in the Shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be entered in the register referred to therein pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules, are set out below:

Long position in the Shares and underlying shares of the Company

Name of Director	Nature of interest	Number of issued Shares held	Approximate percentage shareholding of issued share capital of the Company ⁽¹⁾
Mr. Cao Sheng ("Mr. Cao")	Interest of controlled corporation	575,431,372 ⁽²⁾	53.25%
Mr. Liu Yong ("Mr. Liu")	Interest of controlled corporation	575,431,372 ⁽²⁾	53.25%

Notes:

- (1) The percentage is calculated based on the total number of issued Shares as at the Latest Practicable Date (i.e. 1,080,562,890 Shares).

- (2) As at the Latest Practicable Date, Cosmic Shine, a company held by Mr. Cao and Mr. Liu (both being executive Directors) as to 50% and 20%, respectively, directly holds 575,431,372 Shares. Therefore, Mr. Cao and Mr. Liu are deemed to be interested in 575,431,372 Shares held by Cosmic Shine. The deemed interest under Part XV of the SFO of Mr. Cao and Mr. Liu duplicate with each other completely.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company had any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Listing Rules, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' interests and short positions in the Shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, so far as any Directors are aware based on the filings under Disclosure of Interest under Part XV of the SFO retrieved by the Company from public records, persons (other than the Directors or chief executives of the Company) who have interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Long position in the Shares and underlying shares of the Company

Name of Director	Nature of interest	Number of issued Shares held	Approximate percentage shareholding of issued share capital of the Company ⁽¹⁾
Cosmic Shine	Beneficial owner	575,431,372 ⁽²⁾	53.25%

Notes:

- (1) The percentage is calculated based on the total number of issued Shares as at the Latest Practicable Date (i.e. 1,080,562,890 Shares).
- (2) As at the Latest Practicable Date, Cosmic Shine, a company held by Mr. Cao and Mr. Liu (both being executive Directors) as to 50% and 20%, respectively, directly holds 575,431,372 Shares.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or pursuant to Section 336 of the SFO, which would have to be recorded in the register referred to therein, or the Takeovers Code.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, each of Mr. Luo Yingnan and Ms. Wang Yiren has entered into a service agreement with the Company for a term of one year, subject to further renewal, and will continue thereafter unless and until terminated by the Company or the Director has not been re-elected as a director of the Company or has been removed by shareholders of the Company at any of its general meeting or is disqualified from acting as a director of the Company in accordance with the articles of association of the Company.

Saved as disclosed above, none of the Directors had or was proposed to have a service contract with any member of the Group other than contracts expiring or determinable by the employer within one year without the payment of compensation other than the statutory compensation.

4. DIRECTORS' INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date:

- (a) none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 March 2024, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Luo Yingnan was appointed as an executive Director with effect from 4 April 2023. Since his date of appointment and up to the date of this circular, Mr. Luo held majority shareholding and directorship in Fuhai Group New Energy Holdings Co., Ltd. (富海集團新能源控股有限公司)(“**Fuhai Group**”), an enterprise in China which is engaged in petrochemical and energy businesses, and Fuhai Oil Pte. Ltd (“**Fuhai Singapore**”), an enterprise in Singapore which is also engaged in petrochemical and energy businesses. In this regard, the Company was notified by Mr. Luo that his role in Fuhai Group is supervisory in nature and he did not take part

in daily operations. Regarding Fuhai Singapore, as the Company does not operate any business in Singapore, the Company is of the view that Mr. Luo's shareholding and directorship in Fuhai Singapore is unlikely to result in any actual competition with the Group's businesses. That having said, the Company has obtained an undertaking from Mr. Luo, under which he undertook to notify the Company of potential conflict of interest if it ever arises, and that he will refer any relevant business opportunity to the Group in priority to any other party including Fuhai Group or Fuhai Singapore for so long he occupies directorship in the Company.

As at the Latest Practicable Date, save as disclosed above, no other Directors were considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, as defined by the Listing Rules, other than those businesses of which the Directors have been appointed as Directors to represent the interests of the Company and/or of the Group.

6. EXPERTS AND CONSENT

The following are the qualifications of the experts who have given opinions or advice for incorporation and as contained in this circular:

Name	Qualifications
Shenwan Hongyuan	The financial adviser to the Company, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Crowe	The auditor and reporting accountants of the Company, a Certified Public Accountants and Registered Public Interest Entity Auditor
APAC	Independent valuer

Each of the experts above has given and has not withdrawn its written consent to the issue of this circular, with the inclusion herein of its report and/or letter of advice and the references to its name in the form and context in which they are respectively included.

As at the Latest Practicable Date, none of the experts above had any shareholding, director indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the experts above had any interest, direct or indirect, in any asset which had been, since 31 March 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or

disposed of by or leased to any member of the Enlarged Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business carried on or intended to be carried on by the members of the Group) have been entered into by the members of the Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date, which are or may be material:

- (a) the conditional share subscription agreement dated 28 April 2023 entered into between the Company and Cosmic Shine in relation to the subscription of 360,000,000 Shares at a subscription price of HK\$0.416 per Share (the “Subscription Agreement”);
- (b) the supplemental agreement dated 21 June 2023 entered into between the Company and Cosmic Shine to extend the long stop date of the Subscription Agreement from 31 July 2023 to 31 August 2023 (or such later date as may be agreed in writing between the Company and Cosmic Shine);
- (c) a sales and purchase agreement dated 17 June 2024 entered into between the Company, Mr. Gu Siyu and Prosperous Splendor Global Limited (“**Prosperous Splendor**”) in relation to the acquisition of the entire issued share capital of Prosperous Splendor and all shareholders’ loans (if any) of Prosperous Splendor;
- (d) the asset transfer agreement entered into between Shundong Port and 東營市東凱產業投資管理有限公司 (Dongying Dongkai Industrial Investment Management Co., Ltd.*) on 23 August 2024 in relation to the acquisition of the property located at Office Building No. 3, The Yellow River Delta International Plaza, 379 Yunhe Road, Dongying City, Shandong Province, the PRC; and
- (e) the Sale and Purchase Agreement.

Save as disclosed above, no material contract (not being a contract entered into in the ordinary course of business) has been entered into by any member of the Enlarged Group within the two years immediately preceding the issue of this circular.

9. GENERAL

- (a) The registered office of the Company, as well as the principal share registrar and transfer office of the Company, is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is at Units 4307-08, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is TRICOR INVESTOR SERVICES LIMITED, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
- (d) The company secretary of the Company is Mr. Chong Ching Hoi, who is a fellow member of each of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (e) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

10. DOCUMENTS ON DISPLAY

The following documents will be published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (<http://website.energyintinv.wisdomir.com>) for display from the date of this circular up to 14 days thereafter:

- (a) a copy of the Sale and Purchase Agreement;
- (b) a copy of each of the material contracts (save for the Sale and Purchase Agreement) referred to in the paragraph headed "8. Material Contracts" in Appendix IX to this circular;
- (c) the accountants' report of Shundong Port prepared by Crowe, the text of which is set out in Appendix II to this circular;
- (d) the report of the unaudited pro forma financial information of the Enlarged Group prepared by Crowe, the text of which is set out in Appendix III to this circular;
- (e) the Business Valuation Report prepared by APAC, the text of which is set out in Appendix V to this circular;
- (f) the Properties Valuation Reports prepared by APAC, the text of which is set out in Appendix VI to this circular;

- (g) the report regarding profit forecast issued by Crowe, the text of which is set out in Appendix VII to this circular;
- (h) the report regarding profit forecast issued by Shenwan Hongyuan, the text of which is set out in Appendix VIII to this circular;
- (i) the letter of consent referred to in the paragraph headed “6. Experts and Consent” in Appendix IX to this circular; and
- (j) this circular.