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)

ANNOUNCEMENT OF 2013 FINAL RESULTS

The board of directors (the "**Board**") of Energy International Investments Holdings Limited (the "**Company**") presents the audited consolidated annual results of the Company and its subsidiaries (together referred to as the "**Group**") for the year ended 31 December 2013 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
Revenue	4	**292,057**	307,131
Cost of sales		**(230,335)**	(263,235)
Gross profit		**61,722**	43,896
Other income	4	**16,764**	57,889
Selling and distribution expenses		**(8,055)**	(9,393)
Administrative expenses		**(28,041)**	(31,356)
Other operating expenses		**(17,512)**	(23,807)
Impairment loss of goodwill	6	**(78,581)**	(68,385)
Impairment loss of intangible assets	7	**(310,726)**	(323,367)
Impairment loss of property, plant and equipment	7	**(54,283)**	(48,939)
Finance costs	8	**(10,808)**	(13,427)
Loss before income tax	9	**(429,520)**	(416,889)
Income tax credit	10	**75,184**	83,260
Loss for the year		**(354,336)**	(333,629)

* *For identification purpose only*

	Notes	**2013** *HK$'000*	2012 *HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(346,802)**	(332,719)
Non-controlling interests		**(7,534)**	(910)
Loss for the year		**(354,336)**	(333,629)
Loss per share for loss attributable to the owners of the Company during the year	12		
– Basic		**(HK cents 1.3)**	(HK cents 1.2)
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
Loss for the year	**(354,336)**	(333,629)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange gains on translation of financial statements of foreign operations	**15,081**	4,006
Other comprehensive income for the year	**15,081**	4,006
Total comprehensive income for the year	**(339,255)**	(329,623)
Total comprehensive income attributable to:		
Owners of the Company	**(336,001)**	(329,936)
Non-controlling interests	**(3,254)**	313
	(339,255)	(329,623)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**577,313**	608,819
Prepaid land lease payments		**29,687**	29,436
Goodwill		**62,662**	141,243
Intangible assets		**1,421,645**	1,749,712
Deferred tax assets		**21,228**	14,133
		2,112,535	2,543,343
Current assets			
Inventories		**1,525**	5,224
Trade and bills receivables	13	**49,789**	52,564
Prepayments, deposits and other receivables		**10,522**	45,256
Pledged bank deposits		**1,027**	995
Cash at banks and in hand		**90,121**	70,045
		152,984	174,084
Current liabilities			
Trade payables	14	**27,211**	20,479
Other payables and accruals		**114,965**	125,309
Amount due to non-controlling shareholder		**116**	–
Bank borrowings		**44,450**	–
Other borrowings		**37,603**	37,514
Convertible bonds		**–**	394
Tax payables		**10,926**	9,992
		235,271	193,688
Net current liabilities		**(82,287)**	(19,604)
Total assets less current liabilities		**2,030,248**	2,523,739
Non-current liabilities			
Amount due to non-controlling shareholder		**–**	4,652
Other borrowings		**81,103**	116,686
Deferred tax liabilities		**361,962**	436,317
		443,065	557,655
Net assets		**1,587,183**	1,966,084

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
EQUITY		
Equity attributable to the owners of the Company		
Share capital	**174,708**	174,685
Reserves	**1,300,699**	1,635,619
	1,475,407	1,810,304
Non-controlling interests	**111,776**	155,780
Total equity	**1,587,183**	1,966,084

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. GENERAL INFORMATION

Energy International Investments Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in the Cayman Islands. Registered office of the Company is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, British West Indies and its principal place of business is Unit 1508, 15th Floor, The Center, 99 Queen's Road Central, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year, the principal activities of the Company and its subsidiaries (together referred to as the "Group") include:

– the supply of electricity and heat representing the business of generation and supplying of electricity and heat; and

– the oil production representing the business of oil production.

There were no significant changes in the Group's operations during the year. The Group's principal places of the business are in Hong Kong and the People's Republic of China (the "PRC").

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(i) Going concern basis

The financial statements have been prepared on a going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding that as at 31 December 2013, the Group had net current liabilities of approximately HK$82,287,000 (2012: HK$19,604,000) and the Group also incurred a loss of approximately HK$354,336,000 (2012: HK$333,629,000) for the year. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharges their liabilities in the normal course of business. The going concern basis has been adopted on the bases that:

(a) The directors have prepared cash flow forecast for the next twelve months. Based on the results of the cash flow forecast, the directors are of the opinion that the Group is able to generate sufficient cash flows from its operations.

(b) In January 2014, one of the subsidiaries of the Company obtained a banking facilities of Renminbi ("RMB") 80,000,000 (equivalent to approximately HK$101,600,000) from a bank in the PRC. The revolving loan is secured by the trade receivables of this subsidiary and is used for the operation of this subsidiary solely.

Therefore, the directors consider that the Group can meet its financial obligations as and when they fall due in the foreseeable future and believe that the Group will continue as a going concern and consequently has prepared the financial statements on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for any further liabilities which may arise. The effects of these potential adjustments have not been reflected in these financial statements.

(ii) Loss of controls over assets of Qinghai Forest Source Mining Industry Developing Company Limited ("QHFSMI") and Inner Mongolia Forest Source Mining Industry Developing Company Limited ("IMFSMI")

In 2010, the board of directors discovered that as from 31 January 2010, the exploration licence held by QHFSMI, a wholly-owned subsidiary of the Group established in the PRC, had been transferred to a company known as 內蒙古小紅山源森礦業有限公司 (in English, for identification purpose only, Inner Mongolia Xiao Hong Shan Yuen Xian Mining Industry Company Limited) ("Yuen Xian Company") without the Company's knowledge, consent or approval.

Based on the searches conducted by the Group's legal advisers, the Group was advised that:

(a) Yuen Xian Company is a wholly foreign owned enterprise established in the PRC on 21 October 2009 and is wholly owned by a company, namely Yuenxian Mining Industry Holding Company Limited ("HK Yuenxian"). Ms Leung Lai Ching Margaret ("Ms Leung") is one of the directors and the legal representative of Yuen Xian Company.

(b) HK Yuenxian (formerly known as Forest Source Mining Industry Holding Company Limited) is a company incorporated in Hong Kong on 29 August 2008 and is wholly owned by Ms Leung. Ms Leung is also the sole director of HK Yuenxian.

Disputes with Ms Leung

In November 2009, a legal proceeding was commenced by Hong Kong Forest Source Mining Industry Holding Company Limited ("HKFSMIH"), QHFSMI and IMFSMI, all of which are wholly-owned by the Group, against HK Yuenxian, Ms Leung and such other persons named as co-defendants to such legal proceedings. The Group sought and obtained, among other things, an interim injunction order from the Hong Kong Court in the following terms:

(a) An injunction restraining, amongst others, HK Yuenxian and Ms Leung from carrying on business in Hong Kong and/or the PRC under the name of Forest Source Mining Industry Holding Company Limited (subsequently known as Yuenxian Mining Industry Holding Company Limited since 7 January 2010); and

(b) An injunction restraining, amongst others, Ms Leung from acting or holding out as a director of QHFSMI or interfering with the business of QHFSMI, including but not limited to making any representations, requests, demands or promises to the Inner Mongolia Autonomous Region Commerce and Industry Bureau or any other governmental agencies in the PRC on behalf of QHFSMI in regard to any affairs of or relating to QHFSMI.

The interim injunction order was subsequently discharged on 30 March 2010.

Ms Leung's legal status as director and legal representative in QHFSMI and IMFSMI remained unchanged during the year in the absence of her cooperation

Ms Leung was a director and legal representative of both QHFSMI and IMFSMI. On 10 September 2009, the sole shareholder of QHFSMI and IMFSMI (i.e. HKFSMIH) had resolved to remove Ms Leung's capacity as director and legal representative of both QHFSMI and IMFSMI with immediate effect. As disclosed in the Company's circular dated 28 June 2010, the respective members of the board of directors and legal representative of QHFSMI and IMFSMI had not yet been officially changed as the procedures of changing and updating the official records at the relevant PRC government authority took longer than expected as Ms Leung, being the then legal representative, was not cooperative and failed to provide the requested documents and corporate seals.

Transfer of exploration licence without the Company's knowledge, consent or approval

The Group acquired QHFSMI from Ms Leung in 2007. QHFSMI was the holder of an exploration licence which conferred QHFSMI the rights to conduct exploration work for the mineral resources containing iron, vanadium and titanium in the titanium mine located at Xiao Hong Shan in Inner Mongolia, the PRC. Based on the search conducted by the Group's legal advisers, the exploration licence was transferred, without the Company's knowledge, consent or approval, to Yuen Xian Company on 31 January 2010. Such actions by Ms Leung were not expected in view of the interim injunction order obtained by the Company from the Hong Kong Court, details of which are set out in the sub-paragraph headed "Disputes with Ms Leung" above. Without the exploration licence, QHFSMI no longer has the rights to, among other things, carry out exploration of the mineral resources of the titanium mine, access to the titanium mine and neighbouring areas and has no priority in obtaining the mining rights of the titanium mine.

As soon as the Group had discovered the loss of QHFSMI's exploration licence, the Group sought advice from its legal advisers. Given the discovery of the loss of significant assets of QHFSMI, the board of directors was no longer in the position of maintaining controls over QHFSMI and IMFSMI by the Group. As a consequence, the directors of the Company considered that the Group no longer had the power to exercise its right as the shareholder and thus had lost its control over the assets and operations and was unable to exercise its power over QHFSMI and IMFSMI. Accordingly, the directors of the Company considered that it was inappropriate to consolidate the financial statements of QHFSMI and IMFSMI into the Group and these two wholly-owned entities were de-consolidated and classified as discontinued operations in 2010.

(iii) De-consolidating QHFSMI and IMFSMI

The Group has been unable to obtain the financial information of QHFSMI and IMFSMI since 2010. The directors of the Company consider that the Group had lost its power over QHFSMI and IMFSMI with effect from 1 January 2010. Accordingly, the financial information of QHFSMI and IMFSMI was de-consolidated with effect from 1 January 2010. Details of the de-consolidating QHFSMI and IMFSMI have been set out in the 2010 Annual Report of the Company.

In February 2012, the Group filed a writ to the Intermediate People's Court in Xining City, Qinghai Province (the "Qinghai Court") against Yuen Xian Company and QHFSMI for the request to invalidate the transfer of the exploration licence from QHFSMI to Yuen Xian Company at a consideration of RMB8,000,000 ("Transfer Agreement") and return the exploration licence to QHFSMI. On 31 December 2012, the Qinghai Court issued an order (the "Qinghai Court Order") that the Transfer Agreement was invalid. In January 2013, Ms Leung made an appeal to the Higher People's Court of Qinghai Province (the "Higher Court"). In September 2013, the Higher Court issued a second judgement (the "Second Judgement") that quashed the Qinghai Court Order.

The Group has sought legal opinion in respect of the writ and the Second Judgement. The legal advisor opined that the Transfer Agreement was invalid and the Group should reserve its civil compensation rights. The Group has appointed a PRC lawyer to handle this matter. In the opinion of the directors, the aforesaid legal proceedings will have no material impact on the financial position and operations of the Group as the Group still does not have any power over QHFSMI and IMFSMI which had already been de-consolidated since 2010.

3. ADOPTION OF NEW/REVISED HKFRSs

In the current year, the Group has applied for the first time the following amendments issued by the HKICPA, which are relevant to and effective for the financial statements for the annual period beginning on 1 January 2013:

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

HKFRSs (Amendments) – Annual Improvements 2010-2012 Cycle

The Basis of Conclusions for HKFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the year ended 31 December 2013. Items of other comprehensive income that may and may not be reclassified to profit and loss in the future have been presented separately in the consolidated statement of comprehensive income. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest.

The adoption of this standard has no material impact on the Group's financial statements.

HKFRS 11 – Joint Arrangements

Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31 "Interests in Joint Ventures". Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assests of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). HKFRS 11 does not allow proportionate consolidation of a joint venture arrangement.

The Group has assessed its production sharing contract, which is previsouly classified as a jointly controlled operations under HKAS 31. The adoption of HKFRS 11 has no impact on these financial statements.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value 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 (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 is applied prospectively.

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. The standard requires additional disclosures about fair value measurements. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

New/revised HKFRSs that have been issued and have been early adopted

At the date of authorisation of these financial statements, the Group has early adopted the following new/revised HKFRSs:

Amendments to HKAS 36 – Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit ("CGU") to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are effective for annual periods commencing on or after 1 January 2014. The Group has early adopted the amendments to HKAS 36 in the current period.

New/revised HKFRSs that have been issued but are not yet effective

At the date of authorisation of these financial statements, certain new/revised HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new/revised HKFRSs that are expected to have a material impact on the Group's accounting policies is provided below. Certain other new/revised HKFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

This standard is effective for the accounting periods beginning on or after 1 January 2014. The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors of the Company so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

4. REVENUE AND OTHER INCOME

The Group's principal activities are disclosed in note 1 to this announcement. Turnover of the Group is the revenue from these activities.

Revenue from the Group's principal activities and other income recognised are as follows:

	2013	2012
	HK$'000	HK$'000
Revenue		
Sale of electricity and heat	**138,410**	122,700
Sale of crude oil	**153,647**	184,431
	292,057	307,131
Other income		
Bank interest income	**305**	347
Exchange gains, net	**3,351**	871
Gain on disposals of property, plant and equipment	**103**	57
Government grants	**5,891**	47,733
Gain on extinguishment of non-current borrowings	**6,541**	3,004
Sundry income	**573**	5,877
	16,764	57,889

Government grants mainly represented unconditional grants from the local government in the PRC to the Group to compensate its selling price of heat energy supplied to the local central heat transmit station.

5. SEGMENT INFORMATION

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to management of the Group for their decisions about resources allocation to the Group's business components and review of these components' performance. The business components in the internal reporting to management of the Group are determined based on the Group's major product and service lines. The Group has identified the following reportable segments.

(a) the Supply of Electricity and Heat segment represents the business of generation and supplying of electricity and heat; and

(b) the Oil Production segment represents the business of oil production.

There was no inter-segment sale and transfer during the year (2012: Nil).

	Supply of Electricity and Heat		Oil Production		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue:						
From external customers	**138,410**	122,700	**153,647**	184,431	**292,057**	307,131
Reportable segment loss	**(96,672)**	(69,180)	**(301,782)**	(325,949)	**(398,454)**	(395,129)
Bank interest income	**215**	238	**88**	108	**303**	346
Gain on extinguishment of non-current borrowings	**239**	183	**6,302**	2,821	**6,541**	3,004
Depreciation	**29,699**	29,038	**23,164**	25,112	**52,863**	54,150
Amortisation of prepaid land lease payments	**696**	679	**–**	–	**696**	679
Amortisation of intangible assets	**–**	3,343	**17,512**	20,464	**17,512**	23,807
Impairment loss of goodwill	**78,581**	68,385	**–**	–	**78,581**	68,385
Impairment loss of intangible assets	**–**	–	**310,726**	323,367	**310,726**	323,367
Impairment loss of property, plant and equipment	**–**	–	**54,283**	48,939	**54,283**	48,939
Reportable segment assets	**518,994**	601,178	**1,728,030**	2,113,197	**2,247,024**	2,714,375
Additions to non-current segment assets during the year	**4,752**	4,033	**50,676**	99,091	**55,428**	103,124
Reportable segment liabilities	**114,787**	70,483	**510,548**	621,981	**625,335**	692,464

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2013	2012
	HK$'000	*HK$'000*
Reportable segment revenue and consolidated revenue	**292,057**	307,131
Reportable segment loss	**(398,454)**	(395,129)
Finance costs	**(10,808)**	(13,427)
Other unallocated income	**932**	1
Elimination of inter-companies' transactions	**2,510**	2,460
Other unallocated expenses	**(23,700)**	(10,794)
Consolidated loss before income tax	**(429,520)**	(416,889)

	2013	2012
	HK$'000	*HK$'000*
Reportable segment assets	**2,247,024**	2,714,375
Property, plant and equipment	**119**	223
Cash at banks and in hand	**18,221**	1,415
Other corporate assets	**155**	1,414
Group assets	**2,265,519**	2,717,427
Reportable segment liabilities	**625,335**	692,464
Convertible bonds	**–**	394
Other corporate liabilities	**53,001**	58,485
Group liabilities	**678,336**	751,343

All revenue from external customers are located in the PRC (domicile). Geographical location of customers is based on the location at which the goods are delivered. No geographical location of non-current assets is presented as substantial non-current assets are physically based in the PRC.

Revenue from the major customers is as follows:

	2013	2012
	HK$'000	*HK$'000*
Customer A (derived from the Oil Production segment)	**153,647**	184,431
Customer B (derived from the Supply of Electricity and Heat segment)	**60,770**	38,875
	214,417	223,306

6. IMPAIRMENT LOSS OF GOODWILL

Goodwill as at 31 December 2012 and 2013 arose from the acquisition of Sunlight Rise Limited ("Sunlight Rise") which holds 100% equity interest in both Pride Treasure Limited and Ontop Finance Limited and 60% equity interest in Shanxi Zhong Kai Group Lingshi Heat and Power Company Limited ("Shanxi Zhong Kai Group Lingshi") (the "Sunlight Group") in 2010. The recoverable amount for this CGU to which the goodwill being allocated was determined based on value-in-use calculations, performed by an independent firm of professional valuers, LCH (Asia-Pacific) Surveyors Limited ("LCH").

For the year ended 31 December 2013, provision for impairment loss of approximately HK$78,581,000 (2012: HK$68,385,000) was recognised in profit or loss to write down to its recoverable amounts in light of the revision of expected selling price of electricity and heat and persistent low profitability for this CGU.

7. IMPAIRMENT LOSS OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Interests in oil production sharing contract acquired from the business combination are recognised at fair value on business combination.

For the purpose of impairment testing as at 31 December 2013, the recoverable amount of the property, plant and equipment, exploration and evaluation assets and interests in oil production sharing contract relating to the oil production operations in the Songliao Basin, Jilin, the PRC (the CGU) was determined based on fair value less cost to sell calculations, which is derived by using a discount cash flow analysis. In order to determine the recoverable amount of the oil production CGU, the management made reference to the valuation report, issued by LCH, on the Group's oil production sharing contract together with other variables and assumptions related to the operations.

A total impairment loss of approximately HK$365,009,000 was being identified for the oil production CGU. The impairment loss is charged pro rata to the assets in the CGU related to the oil production.

The reason for the impairment loss in oil production is mainly due to the decrease in the projected oil price and amendment to the drilling and extraction schedules.

8. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on bank and other borrowings due within one year	**100**	1,117
Imputed interest on promissory notes	**–**	2,518
Imputed interest on convertible bonds	**20**	1,198
Imputed interest on amounts due to non-controlling shareholder	**537**	822
Imputed interest on non-current borrowings	**10,151**	7,772
	10,808	13,427

9. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging the following:

	2013	2012
	HK$'000	*HK$'000*
Cost of inventories recognised as expense	**99,118**	112,044
Depreciation	**52,967**	54,256
Amortisation of prepaid land lease payments	**696**	679
Amortisation of intangible assets*	**17,512**	23,807
Auditor's remuneration	**940**	966
Impairment loss of goodwill	**78,581**	68,385
Impairment loss of intangible assets	**310,726**	323,367
Impairment loss of property, plant and equipment	**54,283**	48,939
Write-off of property, plant and equipment	**247**	–
Operating lease charges on land and buildings	**4,289**	4,571
Staff costs, including directors' emoluments	**27,572**	25,541

* *Included in "Other operating expenses" on the face of the consolidated income statement.*

Depreciation expenses of HK$47,953,000 (2012: HK$49,436,000) and HK$5,014,000 (2012: HK$4,820,000) were included in cost of sales and administrative expenses respectively.

10. INCOME TAX CREDIT

No Hong Kong profits tax has been provided as the Group had no estimated assessable profits arising in or derived from Hong Kong for both years.

	2013	2012
	HK$'000	*HK$'000*
Current tax – the PRC		
– Current year	**6,695**	9,943
– Over provision in prior years	**(279)**	–
Deferred tax – the PRC		
– Current year	**(81,600)**	(93,203)
Income tax credit	**(75,184)**	(83,260)

11. DIVIDENDS

The Board did not recommend any payment of dividends during the year (2012: Nil).

12. LOSS PER SHARE

The calculations of basic loss per share attributable to the owners of the Company are based on the following data:

	2013	2012
	HK$'000	*HK$'000*
Loss for the year attributable to the owners of the Company for the purpose of basic loss per share	**(346,802)**	(332,719)

	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**26,691,604**	26,659,168

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of HK$346,802,000 (2012: HK$332,719,000) and the weighted average number of ordinary shares of 26,691,604,000 (2012: 26,659,168,000) in issue during the year.

No diluted loss per share attributable to the owners of the Company is presented for the years ended 31 December 2013 and 2012 as the potential shares are anti-dilutive.

13. TRADE AND BILLS RECEIVABLES

The Group normally allows trading credit terms ranging from 30 to 120 days (2012: 30 to 120 days) to its established customers. Each customer has a maximum credit limit. Trade debtors with balances aged over 120 days are required to settle all outstanding balances before any further credit is granted. Trade and bills receivables are non-interest bearing.

Ageing analysis of trade and bills receivables, based on the invoice date, is as follows:

	2013	2012
	HK$'000	*HK$'000*
1 – 90 days	**49,678**	51,912
91 – 120 days	**–**	632
121 – 365 days	**84**	20
Over 365 days	**27**	–
	49,789	52,564

At 31 December 2013 and 2012, there were no trade and bills receivables that were individually determined to be impaired. The Group did not hold any collateral over these balances.

Ageing analysis of trade and bills receivables that are past due but not impaired is as follows:

	2013	2012
	HK$'000	*HK$'000*
1 – 60 days past due but not impaired	**84**	20
Over 60 days past due but not impaired	**27**	–
	111	20

As at 31 December 2013, trade and bills receivables of HK$49,678,000 (2012: HK$52,544,000) were neither past due nor impaired. These related to different customers for whom there was no recent history of default.

Trade and bills receivables that were past due but not impaired related to several customers that had a good track record of credit with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of these balances.

14. TRADE PAYABLES

Trade payables are non-interest-bearing and are normally settled on 60 days (2012: 60 days) terms.

Ageing analysis of trade payables, based on the invoice date, is as follows:

	2013	2012
	HK$'000	*HK$'000*
1 – 90 days	**22,912**	15,084
91 – 120 days	**217**	318
121 – 365 days	**3,483**	2,374
Over 365 days	**599**	2,703
	27,211	20,479

15. FINANCIAL GUARANTEE CONTRACT

In relation to the share purchase agreement dated 5 November 2009 for the acquisition of Sunlight Rise, the directors of the Company was informed in January 2013 that Shanxi Zhong Kai Group Lingshi has given guarantee to a bank in relation to a loan borrowed by a company named 晉中市瑞汪工貿有限公司 (Jinzhong City Ruiwang Industrial and Trading Company Limited*), with the principal amount of RMB13,500,000 for the period from 23 March 2009 to 22 March 2014 and the guarantee period from 23 March 2009 to 15 March 2017. The loan has been fully settled in June 2013 and the guarantee was early released on the same date.

* *For identification purpose only*

16. EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw your attention to note 3(a)(i) to the consolidated financial statements which indicates that the Group incurred a loss of approximately HK$354,336,000 for the year ended 31 December 2013 and as of that date, the Group had net current liabilities of approximately HK$82,287,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The aforesaid "note 3(a)(i) to the consolidated financial statements" in the extract of the independent auditor's report is disclosed in note 2(i) to this announcement.

BUSINESS REVIEW

For the year ended 31 December 2013, the Group's record revenue was approximately HK$292 million (2012: HK$307 million). The Group's revenue is mainly contributed from the supply of electricity and heat segment and oil production segment.

The loss attributable to the owners of the Company for the year ended 31 December 2013 was approximately HK$347 million (2012: HK$333 million). The loss of the Group has increased by approximately HK$14 million as compared to the last corresponding year.

ELECTRICITY AND HEAT BUSINESS

For the year ended 31 December 2013, Shanxi Zhong Kai Group Lingshi, in which the Group owns a 60% equity interest, generated turnover of approximately HK$138 million (2012: HK$123 million), an increase of approximately 12% as compared to the last corresponding year. The increase in revenue was mainly due to the increase in selling price of heat since October 2012.

Shanxi Zhong Kai Group Lingshi recorded a loss of approximately HK$97 million (2012: HK$69 million). The increase in loss was mainly due to the significant decrease in coal subsidy provided by the Central Heat Transmit Station of Lingshi County ("CHTS"), the local government authority.

During the year, Shanxi Zhong Kai Group Lingshi continued focusing on improving operational efficiency and strengthening its environmental protection facilities.

The management will review our collaboration with the CHTS for the heat supply services to ensure that our heat supply business remains cost effective and commercially sound.

The Chinese economy showed signs of slowdown during 2013. This unfavorable economic climate will create a challenging operating environment for our electricity and heat business. Going forward, we will remain cautious about the prevailing uncertain economic conditions. The management will continue to take measures to improve productivity in order to mitigate the impact of the unfavorable economic conditions.

OIL BUSINESS

In 2013, global economic recovery was slow and the growth rate of the Chinese economy has slowed down. The demand in the petroleum market was weak. In the face of the complicated and harsh economic environment, the Group focused on the quality and efficiency of its growth and maintained steady production and operations as a whole. The operating results before the impairment loss of intangible assets and property, plant and equipment for the period continued to improve as compared with last year.

According to our original planning, we expected that in 2013 we will be able to drill 60 more production wells and extract approximately 71,000 metric tonnes of oil. However, the drilling and extraction schedule was delayed during the year due to several interruptions and unexpected circumstances. For the year ended 31 December 2013, we have extracted 32,000 metric tonnes (2012: 37,000 metric tonnes).

Our technician has spent more time to analyse the data received from existing extraction activities in order to determine if new extraction method should be deployed for new wells. We are still negotiating with technical department of our partner, China National Petroleum Corporation, and other local expertise in this study. We are also now adopting the rolling extraction method rather than mass drilling method to minimise the chance for low efficiency wells. Therefore, the number of new production wells to be drilled should be under 20 for 2014.

Furthermore, the Company has yet to raise sufficient external funding to support the construction of the number of wells as original planned. The directors will continue to look for strategic investors and resources from other financial institutions for necessary funding support for the expansion of production facilities.

The results from operations and costs incurred in oil business are detailed as below. In 2013, the Group achieved a turnover of approximately HK$154 million (2012: HK$184 million), representing a decrease of 17% as compared with last year. The reportable segment results of oil production before impairment loss of intangible assets and property, plant and equipment in 2013 record a profit of approximately HK$63 million (2012: HK$46 million), representing an increase of 37% as compared with last year. This was primarily due to the combined impact of the decrease in the selling price of crude oil and the sales volume of crude oil, the inverse relationship between the repairs and maintenance costs. The management expect that the oil business will continue to generate revenue and contribute profit to the Group in 2014.

Results from operations

	Year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Net sales to customers	**153,647**	184,431
Other income	**8,898**	17,849
Operating expenses	**(55,346)**	(104,890)
Depreciation	**(23,164)**	(25,112)
Special petroleum revenue tax	**(20,808)**	(25,921)
Impairment loss of intangible assets	**(310,726)**	(323,367)
Impairment loss of property, plant and equipment	**(54,283)**	(48,939)
Results of operations before income tax	**(301,782)**	(325,949)

Cooperation Contract Impairment

As at 31 December 2013, the Company reviewed the carrying amounts of its assets related to the cooperation contract entered between China National Petroleum Corporation and China Era Energy Power Investment Limited (a indirect wholly-owned subsidiary) on 13 August 2007 (the "Cooperation Contract"), and determined that impairment would be necessary. The impairment losses were mainly due to the decrease in oil prices and delays in the drilling and extraction schedules. The planned drilling and extraction schedules were delayed mainly due to the following factors.

- More time spent on the research on the detail structure of underground oil reserve;
- Further determine the type of wells to be drilled;
- Insufficient funding to expand the production; and
- Environmental concern near the site area by the local authority.

Accordingly, the Company determined that the carrying amounts of the assets related to the Cooperation Contract would likely not be recoverable based on the revised timing of future cash flows projected from Cooperation Contract.

In assessing the recoverable amount at 31 December 2013, the Company calculated the fair value less cost to sell of the intangible assets and related assets by the discounted cash flow analysis to reflect deferral of development of the property by the revised price and cost considerations. The projected cash flows are based on the following key assumptions:

- Total estimated operating and construction costs of wells of the PRC oil field for the remaining terms of the Cooperation Contract;
- The adopted crude oil prices was reference to the world bank forecast on crude oil; and
- The discount rate by reference to market comparable.

The recoverable amount of the intangible and other assets related to the Cooperation Contract was determined by fair value less cost to sell calculation based on the discounted future cash flows associated with Cooperation Contract. The review on the carrying amounts of these assets resulting in total impairment loss of approximately HK$365,009,000. The impairment loss has been recorded within operating expenses on the face of the statement of consolidated income statement and relates to the Company's segment information in oil production.

EXPLORATION AND MINING BUSINESS

As disclosed in the Company's announcements dated 26 and 27 August 2010 and the Company's 2010 interim report, the Board, to its astonishment, found out that as from 31 January 2010 the exploration licence held by QHFSMI, an indirect wholly-owned subsidiary of the Company established in the PRC, had been transferred to Yuen Xian Company, which is wholly-owned by Ms Leung beneficially through a company, HK Yuenxian, without the Company's knowledge, consent or approval. Due to the loss of the exploration licence, it is the Board's current intention to suspend the Group's exploration and mining business until the Group regains control of QHFSMI and the exploration licence.

As disclosed in the Company's announcement dated 10 January 2013, in April 2012, a legal proceeding was commenced by HKFSMIH, against Ms Leung, Yuen Xian Company and QHFSMI (the "Legal Proceeding"). HKFSMIH has sought to invalidate the Change of Exploration Right Agreement signed between QHFSMI and Yuen Xian Company. Under the Change of Exploration Right Agreement, the exploration licence held by QHFSMI was transferred to Yuen Xian Company. The judgment of Xining City Intermediate People's Court of Qinghai Province of the PRC are summarised as follows:–

(1) The Change of Exploration Right Agreement signed between QHFSMI and Yuen Xian Company dated 11 November 2009 is invalid; and

(2) The request for proceedings of the HKFSMIH against Ms Leung be dismissed. QHFSMI and Yuen Xian Company each bear half of the fees for entertaining the case.

In January 2013, Ms Leung made an appeal to the Higher Court. In September 2013, the Higher Court issued the Second Judgement that quashed the Qinghai Court Order.

The Group has sought legal opinion in respect of the writ and the Second Judgement. The legal advisor opined that the Transfer Agreement was invalid and the Group should reserve its civil compensation rights. The Group has appointed a PRC lawyer to handle this matter. Further announcement(s) will be issued by the Company as and when necessary to comply with the requirements of the Listing Rules.

FUTURE PLAN AND PROSPECTS

(i) Electricity and heat business

In 2013, we renewed the heat supply contract with the CHTS, the local government authority, for the coming winter season this year. The management will review our collaboration with the CHTS for the heat supply services to ensure that our heat supply business remains cost effective and commercially sound.

Due to the global economic crisis, the Chinese economy showed signs of slowdown during 2013. This unfavorable economic climate will create a challenging operating environment for our electricity and heat business. Going forward, we will remain cautious about the prevailing uncertain economic conditions. The management will continue to take measures to improve productivity in order to mitigate the impact of the unfavorable economic conditions.

(ii) Oil business

In 2014, the recovery of the global economy will remain highly uncertain, The crude oil price is likely to continue to keep at low levels. The likelihood of a significant improvement in the conditions of the petroleum market will be low. The Group will continue to improve extraction techniques in order to increase the overall efficiency. The Group will continue to place great emphasis on its scientific and geological researches, increase efforts to make breakthroughs on key techniques, strengthen the meticulous exploration of mature oil field, actively push forward venture exploration in oil field.

Capital expenditures for the oil production segment for 2013 amounted to approximately HK$51 million, which were primarily related to the drillings and facilities construction for the oil field. The Group anticipates that 20 more production wells would be drilled in 2014 and the related capital expenditures would amount to approximately HK$56 million. These 20 new wells are expected to contribute to the oil production during the year of 2014. Taking into accounts the production capacity of other existing wells and facilities and the demand in oil market, it is estimated that the annual oil production of the oil field of the Lower Cretaceous System Quantou Formation Third Member Yangdachengzi Layer which is situated at Liangjing Block of the Songliao Basin at Jilin Province of the PRC in 2014 would be approximately 33,000 metric tonnes (equivalent to 241,000 barrels of oil).

FINANCIAL SUMMARY

The Group's revenue for the year ended 31 December 2013 was approximately HK$292 million. The administrative expenses for the year ended 31 December 2013 were approximately HK$28 million, which represented a decrease of 11% compared to the administrative expenses incurred last year.

The loss attributable to the owners of the Company for the year ended 31 December 2013 was approximately HK$347 million which represented an increase of 4%, as compared to last corresponding year. The loss was mainly resulted from the provision for impairment losses of goodwill, intangible assets and property, plant and equipment amounted to approximately HK$79 million, HK$311 million and HK$54 million respectively.

The Group's sales and purchases were denominated in RMB and the Group did not use any hedging instrument during the year under review. The directors considered that its exposure to foreign exchange rate risk is limited since the Group is closely monitoring the financial market and would consider appropriate measures if required.

CURRENT AND GEARING RATIOS

As at 31 December 2013, the Group had total assets of approximately HK$2,266 million (2012: HK$2,717 million), total liabilities of approximately HK$678 million (2012: HK$751 million), indicating a gearing ratio of 0.30 (2012: 0.28) on the basis of total liabilities over total assets. The current ratio of the Group for the year was 0.65 (2012: 0.90) on basis of current assets over current liabilities.

CONTINGENT LIABILITIES

As at 31 December 2013, the Group did not have any significant contingent liabilities.

CAPITAL AND OTHER COMMITMENTS

The Group had capital and other commitments contracted but not provided for approximately HK$1,008,000 (2012: HK$2,169,000) and HK$53,367,000 (2012: HK$56,103,000) respectively as at 31 December 2013.

CHARGES ON ASSETS

As at 31 December 2013, the Group had interest-bearing bank borrowings of approximately HK$44 million (2012: Nil) and pledged bank deposits amounted to approximately HK$1,027,000 (2012: HK$995,000).

EMPLOYEE INFORMATION

As at 31 December 2013, the Group employed 472 full-time employees (2012: 445). The Group's emolument policies are formulated on the performance of individual employees and are reviewed annually in line with industry practice. The Group also provides provident fund schemes (as the case may be) to its employees depending on the location of such employees.

LITIGATION

Up to the date of this announcement, the Group has not yet settled other borrowing of HK$37,603,000 as at 31 December 2013, which was repayable on or before 31 January 2013, to Maycrown Capital Limited ("Maycrown"). In April 2013, Maycrown undertook a legal action against Precious New Limited, a subsidiary of the Company, and the Company for the sum of together with the interest accrued, HK$37,603,424.66 (the "Claim"). The Group has sought legal opinion in respect of the litigation. In the opinion of the directors, the litigation has no material impact on the financial position and operations of the Group as the Claim has already been recognised in the financial statements.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including a review of the audited financial statements of the Company for the year ended 31 December 2013. The audit committee comprises three independent non-executive directors of the Company. During the year, two regular meetings of the audit committee have been held.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary results announcement.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with all the code provisions set out in the Code on Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules for the year ended 31 December 2013 except for:

(i) A.2.1 of the CG Code, the roles of chairman and chief executive officer (the "CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. Since the positions of the chairman and CEO are vacated, the Company is still looking for a suitable candidate to fill the vacancy of chairman and CEO;

(ii) A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. For the year under review, all independent non-executive directors of the Company have not been appointed for a specific term but they are subject to retirement by rotation at least once every three years in accordance with the Company's Articles of Association;

(iii) E.1.2 of the CG Code, the Chairman of the Board should attend the annual general meeting (the "AGM"). However, the Chairman is vacated. One of the executive directors will attend the AGM and will be available to answer questions at the AGM; and

(iv) A.6.7 of the CG Code independent non-executive directors should attend general meetings and develop a balanced understanding of the views of sharholders, Mr. Choi Chi Fai and Mr. Wang Jinghua, the independent non-executive directors, were unable to attend the AGM of the Company held on 24 June 2013 as they were out of town for other businesses.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. The Company has made specific enquiries with each directors and each of them confirmed that he had complied with the required standards set out in the Model Code throughout the year ended 31 December 2013.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is available for viewing on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.energyintl.todayir.com). The annual report of the Company for 2013 containing all the information required by the Listing Rules will be despatched to shareholders and made available on the above websites in due course.

APPRECIATION

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

By order of the Board
Energy International Investments Holdings Limited
Wang Meiyan
Executive Director

Hong Kong, 28 March 2014

As at the date of this announcement, the executive Directors are Ms. Wang Meiyan, Mr. Wang Donghai and Mr. Chan Wai Cheung Admiral; and the independent non-executive Directors are Mr. Choi Chi Fai, Mr. Wang Jinghua and Mr. Lee Hoi Yan.