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 2015 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 2015 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2015

	Notes	**2015** **HK$'000**	2014 *HK$'000*
Revenue	*4*	**87,480**	227,923
Cost of sales		**(131,917)**	(210,464)
Gross (loss)/profit		**(44,437)**	17,459
Other income	*4*	**1,229**	8,979
Gain from bargain purchase		**24,193**	–
Selling and distribution expenses		**(3,866)**	(5,280)
Administrative expenses		**(42,495)**	(31,222)
Other operating expenses		**(52,229)**	(8,400)
Impairment loss of goodwill		**–**	(62,662)
Impairment loss of intangible assets		**(408,954)**	(441,894)
Impairment loss of prepaid land lease payments		**(6,106)**	(17,032)
Impairment loss of property, plant and equipment		**(82,461)**	(360,592)
Finance costs	*7*	**(20,049)**	(10,577)
Loss before income tax	*8*	**(635,175)**	(911,221)
Income tax credit	*9*	**103,199**	151,447
Loss for the year		**(531,976)**	(759,774)

* *For identification purpose only*

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(492,568)**	(673,621)
Non-controlling interests		**(39,408)**	(86,153)
		(531,976)	(759,774)
			(Restated)
Loss per share for loss attributable to the owners of the Company	*11*		
– Basic and diluted		**(HK cents 15.4)**	(HK cents 22.6)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015	2014
	HK$'000	*HK$'000*
Loss for the year	**(531,976)**	(759,774)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange losses on translation of financial statements of foreign operations	**(7,273)**	(10,338)
Other comprehensive income for the year	**(7,273)**	(10,338)
Total comprehensive income for the year	**(539,249)**	(770,112)
Total comprehensive income attributable to:		
– Owners of the Company	**(495,532)**	(681,397)
– Non-controlling interests	**(43,717)**	(88,715)
	(539,249)	(770,112)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**383,943**	214,864
Prepaid land lease payments		**3,132**	11,263
Intangible assets		**672,043**	971,224
Deferred tax assets		**55,939**	60,217
		1,115,057	1,257,568
Current assets			
Inventories		**925**	2,995
Trade and bills receivables	*12*	**34,085**	36,564
Prepayments, deposits and other receivables		**97,659**	5,972
Financial assets at fair value through profit or loss		**24,818**	–
Pledged bank deposits		**22**	1,003
Cash at banks and in hand		**238,260**	76,043
		395,769	122,577
Current liabilities			
Trade payables	*13*	**11,172**	17,907
Other payables and accruals		**383,829**	144,406
Amounts due to non-controlling shareholders		**20,932**	–
Bank borrowings		**41,300**	43,400
Other borrowings		**29,972**	–
Convertible bonds		**3,337**	–
Tax payables		**10,140**	10,661
		500,682	216,374
Net current liabilities		**(104,913)**	(93,797)
Total assets less current liabilities		**1,010,144**	1,163,771
Non-current liabilities			
Amount due to non-controlling shareholder		**–**	13,887
Other borrowings		**12,533**	41,971
Convertible bonds		**138,113**	–
Deferred tax liabilities		**172,287**	249,988
		322,933	305,846
Net assets		**687,211**	857,925

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**304,970**	198,408
Reserves		**247,830**	635,156
		552,800	833,564
Non-controlling interests		**134,411**	24,361
Total equity		**687,211**	857,925

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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;

– the oil production representing the business of oil production; and

– the oil and liquefied chemical terminal representing the business of operation of liquid chemical terminal, storage and logistics facilities (new business segment under construction during the year).

In December 2015, the Group completed the acquisition of 51% of the equity interest of a sino-foreign enterprise, namely Shandong Shundong Port Services Company Limited ("Shandong Shundong"), a company established in the People's Republic of China (the "PRC"), which is designed to operate oil and liquefied chemical terminal, storage and logistics facilities in Dongying Port, Shandong Province, the PRC. Shandong Shundong is currently under the construction of port and terminal. Details of the acquisition have been set out in the Company's announcement dated 18 December 2015.

Shanxi Zhong Kai Group Lingshi Heat and Power Company Limited ("Shanxi Zhong Kai Group Lingshi"), in which the Group owns 60% equity interest, received a notice issued by the Municipal Government of Lingshi County (the "Lingshi Government") dated 23 April 2015. In the notice, the Lingshi Government ordered Shanxi Zhong Kai Group Lingshi to shut down the operations of all its power generating units operated by Shanxi Zhong Kai Group Lingshi, for the purposes of anti-pollution measures and emission reduction, details of which are set out in the Company's announcement dated 30 April 2015. On 30 December 2015, the Group entered into the sale and purchase agreement (the "Sale and Purchase Agreement") with the independent third party (the "Purchaser"), pursuant to which the Purchaser has conditionally agreed to acquire and the Group has conditionally agreed to sell the issued shares and the sale loan of Sunlight Rise Limited ("Sunlight Rise") which holding 60% equity interest in Shanxi Zhong Kai Group Lingshi (collectively the "Sunlight Group"), details of which are set out in the Company's announcements dated 30 December 2015 and 29 March 2016. As at the date of authorisation for issue of the consolidated financial statements, certain conditions under the Sale and Purchase Agreement have not yet been met and approvals from shareholders have not yet been obtained. Therefore, no assets and liabilities of the Sunlight Group have been classified as held for sale and the discontinued operations in accordance with Hong Kong Financial Reporting Standard 5.

Other than the above, 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 PRC.

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 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.

2. ADOPTION OF NEW/REVISED HKFRSs

(a) Adoption of new/revised HKFRSs – effective on 1 January 2015

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

The adoption of these amendments has no material impact on the financial statements.

(b) 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. The Group is not yet in a position to state whether these new/revised HKFRSs will result in substantial changes to the Group's accounting policies and financial statements.

Except as explained below, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the financial statements.

Amendments to HKAS 1 – Disclosure Initiative

This standard is effective for accounting periods beginning on or after 1 January 2016. The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements. An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

HKFRS 9 (2014) – Financial Instruments

This standard is effective for accounting periods beginning on or after 1 January 2018. HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the 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.

HKFRS 15 – Revenue from Contracts with Customers

This standard is effective for accounting periods beginning on or after 1 January 2018. The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

– Step 1: Identify the contract(s) with a customer
– Step 2: Identify the performance obligations in the contract
– Step 3: Determine the transaction price
– Step 4: Allocate the transaction price to each performance obligation
– Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, which are measured at fair value. The measurement bases are fully described in the accounting policies below.

(i) Songliao contract

On 25 September 2009, an acquisition agreement to acquire 100% equity interest in China International Energy Investments (Hong Kong) Limited ("China International Energy") was entered into by the Group, Greater China Limited ("Greater China") and Mr. Li Weijun (Greater China's warrantor). The acquisition was completed on 31 December 2010. Principal assets, rights and operations of China International Energy were the petroleum contract entered into between China Era Energy Power Investment Limited ("China Era"), a wholly-owned subsidiary of China International Energy and a state-owned enterprise engaged in oil exploration industry, namely China National Petroleum Corporation (to be referred to as the "State-owned Enterprise" throughout the notes to the financial statements in this announcement and in our 2015 annual report), on 13 August 2007 (the "Songliao Contract"). China International Energy was wholly-owned by an individual ("Mr. A") at the time of obtaining the Songliao Contract.

As set out in the Company's announcement dated 4 July 2015, the directors found that Mr. A was formally charged by prosecution authorities in the PRC for illegal operation crime (the "Charge"), possibly involved allegations about improper conduct in obtaining of the Songliao Contract.

Having taken legal advice by the Company to uphold and protect its right, on 2 July 2015 (Cayman Islands time), the Group has commenced legal proceedings in the Grand Court of the Cayman Islands against various parties including Mr. A, Greater China, Mr. Li Weijun (Greater China's warrantor) and Giant Crystal Limited ("Giant Crystal") (which was nominated by Greater China as the allottee of the promissory notes, consideration shares and convertible bonds for the consideration of the Songliao Contract) (the "Defendants") on the basis that (a) the Greater China's warranties and/or representations given in the acquisition were false and misleading and knowing that the Group entered into the acquisition agreement in reliance thereon: and (b) the Defendants of the litigation wrongly conspired and combined together to defraud the Group to pay the consideration. In the litigation, the Group sought (1) a declaration that they are entitled to validly rescind the acquisition agreement; (2) an order that the consideration be repaid, a declaration that the promissory notes and convertible bonds are at all material times null and void and of no legal effect; (3) a declaration that Giant Crystal held and continue to hold the consideration shares and any shares issued upon exercise of the convertible bonds on trust for the Company; (4) an injunction against all Defendants that they be restrained from disposing of, encumbering or otherwise dealing with or diminishing the value of, and/or exercising any rights or powers (including but not limited to voting rights in general and/or extraordinary meeting(s) in respect of, and/or entering into any agreement to effect any transaction in relation to, the consideration shares and the converted shares; (5) an injunction against all Defendants from completing and/or procuring the conversion and/or transferring of the convertible bonds; (6) damages for fraud and/or deceit; and (7) an order that the Defendants compensate the Group in equity.

In March 2016, the Group obtained the legal opinion from the lawyers in the PRC stating that under the laws prevailing in the PRC, all entities are innocent unless found guilty by the Municipal Court. However, if the contract is found to be used to conduct illegal trade by top management, the contract can be invalidated through the Supreme People's Court. According to the Contract Laws of the PRC, when a contract becomes invalid or is rescinded, any property obtained under the contract shall be returned. In the circumstances when the return of properties is impossible, compensation shall be made at an estimated price for the loss caused by the defaulted parties. As a party of the contract, the Group is entitled to either enter into arbitration or to file a civil legal action to rescind or invalidate the contract and seek compensation from the defaulted parties.

Included in the consolidated statement of financial position as at 31 December 2015 are property, plant and equipment, intangible assets and net deferred tax liabilities with carrying amounts of HK$46,167,000 (2014: HK$98,776,000), HK$557,821,000 (2014: HK$971,224,000) and HK$83,358,000 (2014: HK$182,283,000) respectively. The property, plant and equipment and intangible assets are collectively referred to as the "Oil Production Assets". The Oil Production Assets relate to the operation of oil production business, pursuant to the Songliao Contract, entered into with the State-owned Enterprise to develop and produce crude oil in Liangjing Block on Songliao Basin in Jilin, the PRC.

As at 31 December 2015, the directors of the Company estimated the recoverable amount of the cash-generating unit to which the Oil Production Assets belong (the "Oil Production CGU"). As the carrying amounts of the Oil Production CGU exceeded its recoverable amount, impairment losses of HK$408,954,000 (2014: HK$441,894,000) and HK$33,843,000 (2014: HK$185,136,000) were recognised for the year ended 31 December 2015 on intangible assets and property, plant and equipment respectively. In estimating the recoverable amount, the directors of the Company have assumed that the Songliao Contract will remain valid and the Group's oil production business will continue in operation throughout the Songliao Contract period.

Having taken into account of the legal opinion, the directors consider that the Songliao Contract will continue to be valid and will be executed as planned as the Group has close working relationship with the State-owned Enterprise and up to the date of authorisation for issue of the consolidated financial statements, there is no indication from the State-owned Enterprise regarding any potential claim or questioning on the validity of the Songliao Contract.

(ii) Going concern basis

The financial statements have been prepared on a going concern basis which notwithstanding that the Group incurred a loss of HK$531,976,000 (2014: HK$759,774,000) during the year, and as of that date, had net current liabilities of HK$104,913,000 (2014: HK$93,797,000). These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The directors of the Company have prepared the consolidated financial statements based on a going concern on the assumptions that:

(a) the Songliao Contract continues to be valid and the Group continues its oil production business, which is the basis on which the directors prepared the cash flow forecast for the next twelve months after 31 December 2015 and assuming that the low crude oil price to be recovered gradually;

(b) the Company's application for a new credit line of up to RMB800,000,000 from a bank in the PRC for the coming 18 months would be successful. The banking facilities would be utilised in the development of the Group's oil and liquefied chemical terminal project; and

(c) the Sunlight Group would be successfully disposed of during 2016.

After taking into account the above measures, 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 have 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 in the consolidated financial statements to reduce the values of the assets to their estimated realisable values, to provide for any further liabilities which may arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

(iii) 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, 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 Company's legal advisers, the Group was advised that:

(a) Yuen Xian Company is a wholly foreign owned enterprise established in the PRC in 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 in 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 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 HK Yuenxian 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. In September 2009, the sole shareholder of QHFSMI and IMFSMI (i.e. HKFSMIH) 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 was not officially changed 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 in the titanium mine 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 in January 2010. Such actions by Ms Leung were not expected in view of the interim injunction order obtained by the Company, 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 legal advices. Given the discovery of the loss of significant assets of QHFSMI, the board of directors was not able to maintain 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 over QHFSMI and IMFSMI, exposure, or rights, to variable returns from QHFSMI and IMFSMI and the ability to use its power to affect those variable returns.

(iv) 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 de-consolidating QHFSMI and IMFSMI are set out in the 2010 Annual Report of the Company.

Since February 2012, the Group filed writs to the courts in the PRC to invalidate the transfer of the exploration licence from QHFSMI to Yuen Xian Company at a consideration of RMB8,000,000 (the "Change of Exploration Right Agreement") and return the exploration licence to QHFSMI. Finally, in August 2014, the Supreme People's Court of the PRC accepted the Company's allegations and in April 2015, the Higher People's Court of Qinghai Province (the "Higher Court") issued an order (the "Final Judgment") that the Change of Exploration Right Agreement was invalid.

In December 2015, the Company received the review application filed by Ms Leung with Qinghai Province People's Procuratorate ("Qinghai Procuratorate") for seeking to reverse the Final Judgment handed down by the Higher Court.

In March 2016, the Company received the final decision letter from Qinghai Procuratorate which states that, (a) the grounds raised by Ms Leung in the review cannot be established; (b) Ms Leung's argument of inapplicability of the PRC law was rejected; (c) it was correctly decided that the Change of Exploration Right Agreement was in breach of the legal right of HKFSMIH, a wholly-owned subsidiary of the Company; and (d) the legal right of the Group's investment in the PRC should be protected under the PRC laws.

The Group has appointed the PRC lawyers to handle the matters in regaining its controlling power over QHFSMI and IMFSMI. In the opinion of the directors, the aforesaid legal proceedings have no material impact on the financial position and operations of the Group as the Group is still in the process of regaining the controlling power over QHFSMI and IMFSMI which had already been de-consolidated since 2010.

4. REVENUE AND OTHER INCOME

The Group's principal activities are disclosed in note 1 to the financial statements. Revenue from the Group's principal activities and other income recognised are as follows:

	2015	2014
	HK$'000	*HK$'000*
Revenue		
Sale of electricity and heat	**46,805**	125,824
Sale of crude oil	**40,675**	102,099
	87,480	227,923
Other income		
Bank interest income	**24**	70
Gain on disposals of property, plant and equipment	**–**	59
Government grants	**1,168**	5,858
Gain on extinguishment of non-current borrowings	**–**	2,867
Sundry income	**37**	125
	1,229	8,979

Government grant is mainly unconditional grants from the local government in the PRC to the Group to compensate for the heat energy supplied to the local central heat 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 Oil Production segment represents the business of oil production;

(b) the Oil and Liquefied Chemical Terminal segment represents the business of operation of oil liquefied chemical terminal, storage and logistics facilities (New segment during the year); and

(c) the Supply of Electricity and Heat segment represents the business of generation and supplying of electricity and heat.

There was no inter-segment sale and transfer during the year (2014: Nil).

	Oil Production		Oil and Liquefied Chemical Terminal		Supply of Electricity and Heat		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue:								
From external customers	**40,675**	102,099	**–**	–	**46,805**	125,824	**87,480**	227,923
Reportable segment (loss)/profit	**(471,973)**	(612,210)	**24,193**	–	**(90,073)**	(271,662)	**(537,853)**	(883,872)
Bank interest income	**23**	39	**–**	–	**–**	27	**23**	66
Gain on extinguishment of non-current borrowings	**–**	2,867	**–**	–	**–**	–	**–**	2,867
Depreciation	**14,076**	17,631	**–**	–	**29,121**	29,898	**43,197**	47,529
Amortisation of prepaid land lease payments	**–**	–	**–**	–	**679**	696	**679**	696
Amortisation of intangible assets	**4,392**	8,400	**–**	–	**–**	–	**4,392**	8,400
Impairment loss of goodwill	**–**	–	**–**	–	**–**	62,662	**–**	62,662
Impairment loss of intangible assets	**408,954**	441,894	**–**	–	**–**	–	**408,954**	441,894
Impairment loss of property, plant and equipment	**33,843**	185,136	**–**	–	**48,618**	175,456	**82,461**	360,592
Impairment loss of prepaid land lease payments	**–**	–	**–**	–	**6,106**	17,032	**6,106**	17,032
Reportable segment assets	**629,222**	1,151,507	**577,712**	–	**152,129**	224,417	**1,359,063**	1,375,924
Additions to non-current segment assets during the year	**45**	61,846	**–**	–	**–**	248	**45**	62,094
Reportable segment liabilities	**300,362**	409,137	**263,900**	–	**101,176**	102,878	**665,438**	512,015

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

	2015	2014
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue and consolidated revenue	**87,480**	227,923
Loss before income tax		
Reportable segment loss	**(537,853)**	(883,872)
Finance costs	**(20,049)**	(10,577)
Other unallocated income	**9**	492
Other unallocated expenses	**(77,282)**	(17,264)
Consolidated loss before income tax	**(635,175)**	(911,221)

	2015	2014
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**1,359,063**	1,375,924
Property, plant and equipment	**59**	67
Cash at banks and in hand	**96,249**	3,710
Other corporate assets	**55,455**	444
Group assets	**1,510,826**	1,380,145
Liabilities		
Reportable segment liabilities	**665,438**	512,015
Convertible bonds	**141,450**	–
Other corporate liabilities	**16,727**	10,205
Group liabilities	**823,615**	522,220

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:

	2015 HK$'000	2014 HK$'000
Customer A (derived from the Oil Production segment)	**40,675**	102,099
Customer B (derived from the Supply of Electricity and Heat segment)	**13,710**	60,187
Customer C (derived from the Supply of Electricity and Heat segment)	**14,514**	–
Customer D (derived from the Supply of Electricity and Heat segment)	**12,716**	–
	81,615	162,286

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

For the year, provision for impairment loss of buildings, plant and machinery, furniture, office equipment and motor vehicles and construction in progress relating to the supply of electricity and heat business (the "Electricity and Heat CGU") of HK$22,485,000, HK$25,713,000, nil and HK$420,000 respectively (2014: HK$65,819,000, HK$107,860,000, HK$607,000 and HK$1,170,000, respectively), were recognised in profit or loss to write down to their recoverable amounts. The recoverable amount for the Electricity and Heat CGU was determined, based on fair value less costs to sell. This is a non-recurring fair value which has been determined by income approach, and is therefore within level 3 of the fair value hierarchy. The key assumption used to determine the fair value less costs to sell is that the management expected the sales of Sunlight Group would be completed in 2016.

For the purpose of impairment testing as at 31 December 2015, 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 "Oil Production CGU") was determined based on value-in-use calculations, which is derived by using discount cash flow analysis. In order to determine the recoverable amount of the Oil Production CGU, management made reference to the valuation report, issued by APAC Asset Valuation and Consulting Limited, on the Group's oil production sharing contract together with other variables and assumptions related to the operations.

During the year, total impairment loss of HK$442,797,000 (2014: HK$627,030,000) has been identified for the Oil Production CGU and is charged pro rata to the assets related to the Oil Production CGU. Impairment losses in respect of property, plant and equipment, exploration and evaluation assets and interests in oil production sharing contract of HK$33,843,000 (2014: HK$185,136,000), HK$506,000 (2014: HK$2,363,000) and HK$408,448,000 (2014: HK$439,531,000) respectively, were recognised as expenses in profit or loss as the assets' carrying amounts exceed their recoverable amounts.

As results of decrease in the projected crude oil price and amendments to the drilling and extraction schedules, the carrying amount of the Oil Production CGU has been reduced to its recoverable amount of HK$603,988,000 (after impairment) as at 31 December 2015.

7. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Imputed interest on convertible bonds	**9,268**	–
Imputed interest on other borrowings due within one year	**5,191**	5,748
Imputed interest on non-current borrowings and amount due to non-controlling shareholder	**5,590**	4,829
	20,049	10,577

8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting) the following:

	2015	2014
	HK$'000	*HK$'000*
Cost of inventories recognised as expense	**30,863**	83,840
Depreciation	**43,220**	47,638
Amortisation of prepaid land lease payments	**679**	696
Amortisation of intangible assets*	**4,392**	8,400
Fair value loss on financial assets at fair value through profit or loss*	**126**	–
Auditor's remuneration	**998**	1,085
Impairment loss of goodwill	**–**	62,662
Impairment loss of intangible assets	**408,954**	441,894
Impairment loss of prepaid land lease payments	**6,106**	17,032
Impairment loss of property, plant and equipment	**82,461**	360,592
Loss/(Gain) on disposals of property, plant and equipment	**494**	(59)
Operating lease charges on land and buildings	**17,058**	3,872
Employee costs, including directors' emoluments	**29,169**	30,943

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

Depreciation expenses of HK$38,761,000 (2014: HK$42,953,000) and HK$4,459,000 (2014: HK$4,685,000) were included in cost of sales and administrative expenses respectively.

9. 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.

	2015	2014
	HK$'000	*HK$'000*
Current tax – the PRC		
– Current year	**7**	48
– Over-provision in prior years	**(1,704)**	(715)
Deferred tax – the PRC		
– Current year	**(101,502)**	(150,780)
Income tax credit	**(103,199)**	(151,447)

10. DIVIDENDS

The board of directors did not recommend any payment of dividends during the year (2014: Nil).

11. LOSS PER SHARE

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

	2015	2014
	HK$'000	*HK$'000*
Loss for the year attributable to the owners of the Company for the purpose of basic loss per share	**(492,568)**	(673,621)
Number of shares	***'000***	*'000*
		(Re-presented)
Weighted average number of ordinary shares for the purpose of basic loss per share	**3,198,407**	2,985,854

The calculation of basic loss per share is based on the loss attributable to the owners of the Company and the weighted average number of ordinary shares. For the year ended 31 December 2014, the weighted average number of ordinary shares in issue was restated, after adjusting for the bonus elements in the shares issued under the placing.

For the year ended 31 December 2015, no adjustment has been made to the basic loss per share amount presented in respect of a dilution as the impact of the convertible bond outstanding had an anti-dilutive effect on the basic loss per share amount presented.

For the year ended 31 December 2014, there were no potential dilutive ordinary shares in issue.

12. TRADE AND BILLS RECEIVABLES

The Group normally allows trading credit terms ranging from 30 to 120 days (2014: 30 to 120 days) to its established customers. Each customer has a maximum credit limit. For certain customers with long established relationship and good past repayment history, a longer credit period may be granted. Trade and bills receivables are non-interest bearing.

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

	2015	2014
	HK$'000	*HK$'000*
1 – 90 days	**13,600**	36,477
91 – 120 days	**–**	25
121 – 365 days	**12,463**	36
Over 365 days	**8,022**	26
	34,085	36,564

At 31 December 2015 and 2014, 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 are as follows:

	2015	2014
	HK$'000	*HK$'000*
1 – 60 days past due but not impaired	**–**	36
Over 60 days past due but not impaired	**20,485**	26
	20,485	62

As at 31 December 2015, trade and bills receivables of HK$13,600,000 (2014: HK$36,502,000) were neither past due nor impaired. These related to the 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 believed that no impairment allowance was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered to be fully recoverable. The Group did not hold any collateral in respect of these balances.

13. TRADE PAYABLES

Trade payables were non-interest bearing and are normally settled on 60 days (2014: 60 days) terms.

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

	2015	2014
	HK$'000	*HK$'000*
1 – 90 days	**3,164**	9,702
91 – 120 days	**–**	670
121 – 365 days	**5,218**	7,373
Over 365 days	**2,790**	162
	11,172	17,907

14. LITIGATIONS

(a) Transfer of the exploration licence

Details of litigations are set out in notes 3(a)(iii) and 3(a)(iv).

(b) Injunction order to the holder of CB6 and CB7

Details of litigations are set out in note 3(a)(i).

(c) Frozen bank accounts of Shanxi Zhong Kai Group Lingshi

In November 2015, two individuals filed the civil writs to the People's Court of Taiyuan City Xiaodian District（太原市小店區人民法院）(the "Taiyuan Court") separately that as the non-controlling shareholder of Shanxi Zhong Kai Group Lingshi failed to repay for the loans of RMB4.5 million (equivalent to HK$5.3 million) lent by these individuals to the non-controlling shareholder of Shanxi Zhong Kai Group Lingshi. It was stated in the writs that these individuals considered Shanxi Zhong Kai Group Lingshi is one of the three companies controlled by the non-controlling shareholder (i.e. borrower) and thus Shanxi Zhong Kai Group Lingshi is identified as one of the defendants by these individuals.

In December 2015, the Taiyuan Court judged that the bank accounts of all defendants in these writs and certain properties of other defendants to be frozen during the legal proceedings including certain bank accounts of Shanxi Zhong Kai Group Lingshi. The frozen bank balance was approximately RMB500,000 (equivalent to approximately HK$590,000). As at the date of the approval of the financial statements, the legal proceedings are still in progress.

In March 2016, the Group has sought legal opinion in respect of the civil writs. The legal adviser opined that as Shanxi Zhong Kai Group Lingshi (i) has never authorised nor involved in the loan agreements; (ii) has not issued any guarantee document; and (iii) did not receive any money through its bank accounts in respect of these loans, these loans are not related to Shanxi Zhong Kai Group Lingshi, it is likely that Shanxi Zhong Kai Group Lingshi will have no liabilities in respect of these loans. Based on these, no provision is considered necessary by the Group accordingly.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

Basis for disclaimer of opinion

1. Scope limitation - property, plant and equipment, intangible assets and deferred tax assets and liabilities

As further set out in notes 14, 17 and 29 to the consolidated financial statements, included in the consolidated statement of financial position as at 31 December 2015 are property, plant and equipment ("PPE"), intangible assets ("Intangible Assets") and net deferred tax liabilities with carrying amounts of HK$46,167,000, HK$557,821,000 and HK$83,358,000 respectively. The PPE and Intangible Assets are collectively referred to as the "Oil Production Assets" in this report. The Oil Production Assets relate to the operation of oil production business, pursuant to the oil production sharing contract (the "Songliao Contract") entered into with a state-owned enterprise engaged in oil exploration industry (the "State-owned Enterprise") to develop and produce crude oil in Liangjing Block on Songliao Basin in Jilin, the People's Republic of China (the "PRC"), details of which are set out in note 33 to the consolidated financial statements. The Songliao Contract was firstly entered into between the State-owned Enterprise and a company wholly owned by an individual ("Mr. A") and the Group subsequently acquired the Songliao Contract through the acquisition of the company firstly entering into the Songliao Contract in 2010.

As further disclosed in note 17, as at 31 December 2015, the directors of the Company estimated the recoverable amount of the cash-generating unit to which the Oil Production Assets belong (the "Oil Produciton CGU"). As the carrying amounts of the Oil Production CGU exceeded its recoverable amount, impairment losses of HK$408,954,000 and HK$33,843,000 were recognised for the year ended 31 December 2015 on Intangible Assets and PPE respectively ("Impairment"). In estimating the recoverable amount, the directors of the Company have assumed that the Songliao Contract will remain valid and the Group's oil production business will continue in operation throughout the Songliao Contract period.

As explained in note 3(a)(i) to the consolidated financial statements, the directors of the Company found that Mr. A, the sole shareholder of the company firstly entering into the Songliao Contract at the relevant time, was formally charged by prosecution authorities in the PRC for illegal operation crime (the "Charge"), possibly involving allegations about improper conduct in obtaining the Songliao Contract. The directors of the Company have obtained the legal opinions in respect of the Charge which states that the Charge is only at a preliminary stage and it is not possible to estimate the outcome. The legal opinion also states that if Mr. A is found guilty for his suspected improper conduct in obtaining the Songliao Contract, this might render the Songliao Contract to become voidable and the State-owned Enterprise will be entitled to claim all economic benefits passed to the Group previously under the Songliao Contract from the Group. As a result, the Group may not be able to exercise its right under the Songliao Contract and its Intangible Assets and PPE may be fully impaired. In addition, corresponding adjustment may also be required to adjust the related net deferred tax liabilities accordingly.

However, as at the date of this report, there is no adjudication in respect of the Charge yet and the legal opinion obtained by the Company does not indicate the estimated outcome of the Charge. As a result, we are unable to obtain sufficient appropriate audit evidence concerning (i) the validity of the Songliao Contract and therefore the ownership of the Intangible Assets; (ii) whether the amount of Impairment was appropriately recognised; and (iii) whether any liabilities shall be recognised in the consolidated financial statements in respect of any claims to be initiated by the State-owned Enterprise. Any adjustments that might have been found to be necessary in respect of the above would have a consequential effect on the consolidated statement of financial position as at 31 December 2015, its financial performance for the year then ended and the related elements making up the consolidated statement of changes in equity and the consolidated statement of cash flows.

2. Uncertainties relating to going concern

As at 31 December 2015, the Group had net current liabilities of HK$104,913,000 and incurred a loss of HK$531,976,000 for the year ended 31 December 2015. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Notwithstanding the foregoing, the directors of the Company have prepared the consolidated financial statements on a going concern basis, the appropriateness of which depends upon the outcome of the underlying assumptions as detailed in note 3(a)(ii) to the consolidated financial statements which include: (i) the Songliao Contract continues to be valid and the Group continues its oil production business, which is the basis on which the directors prepared the cash flow forecast for the next twelve months after 31 December 2015; and (ii) the Company's application for a new credit line of up to RMB800,000,000 from a bank in the PRC (the "Bank") for the coming 18 months would be successful. The banking facilities would be utilised in the development of the Group's oil and liquefied chemical terminal project.

However, if Mr. A is found guilty for his improper conduct in obtaining the Songliao Contract as mentioned in point 1 above, the Songliao Contract may become invalid and the Group may not be able to carry out the business relating to oil production as stipulated under the Songliao Contract and the State-owned Enterprise may be eligible to claim compensation for the economic benefits passed to the Group during the period of the Songliao Contract from the Group. As stated in the last paragraph of point 1 above, we are unable to obtain sufficient appropriate audit evidence concerning the validity of the Songliao Contract.

In respect of the Company's application for banking facilities, up to the date of approval of these consolidated financial statements, the Bank has not granted the abovementioned credit line. There were no alternative audit procedures that we can perform to obtain relevant audit evidence to assess the likelihood that the credit line would be available to the Group.

Accordingly, we are unable to satisfy ourselves that whether it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the going concern basis be considered inappropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their estimated realisable values, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

Disclaimer of opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BUSINESS REVIEW

For the year ended 31 December 2015, the Group's record revenue was approximately HK$88 million (2014: HK$228 million). The Group's revenue is contributed from oil production segment and supply of electricity and heat segment.

The loss attributable to the owners of the Company for the year ended 31 December 2015 was approximately HK$493 million (2014: HK$674 million). The loss of the Group has decreased by approximately HK$228 million as compared to the last corresponding year.

ELECTRICITY AND HEAT BUSINESS

For the year ended 31 December 2015, Shanxi Zhong Kai Group Lingshi Heat and Power Company Limited ("Shanxi Zhong Kai Group Lingshi"), in which the Group owns a 60% equity interest, generated revenue of approximately HK$47 million (2014: HK$126 million), a decrease of approximately 63% as compared to the last corresponding year. The decrease in revenue was mainly due to the decrease in electricity consumption and there was no supply of heat energy to Central Heat Transmit Station of Lingshi Country, the local government authority which is the largest customer of our heat energy supply, since April 2015. In the second half of 2015, due to the Notice as further explained below, the supply of electricity to both government authority and local customers continued but with a smaller scale. It is expected that such small scale of supply of electricity will continue until the negotiation with the local government comes to a conclusion or agreement.

The supply of electricity and heat segment recorded a loss of approximately HK$90 million (2014: HK$272 million). The decrease in loss was mainly due to decrease in impairment losses of property, plant and equipment and prepaid land lease payments amount by HK$127 million and HK$11 million respectively.

Shanxi Zhong Kai Group Lingshi received a notice issued by the People's Government of Lingshi County (the "Lingshi Government") dated 23 April 2015 (the "Notice"). In the Notice, the Lingshi Government ordered Shanxi Zhong Kai Group Lingshi to shut down the operations of its 2 sets of power generating units (the "Power Plant") before 30 June 2015, for the purposes of anti-pollution and emission reduction (the "Shutdown").

The Company has instructed the management of Shanxi Zhong Kai Group Lingshi and the legal advisers in the PRC to negotiate with the Lingshi Government and to advise the Company on the implications arising from the Shutdown. In the meantime, the Company has also been in discussions with 山西中凱實業集團有限公司 (Shanxi Zhong Kai Group Limited) (the "JV Partner"), our 40% joint venture partner in Shanxi Zhong Kai Group Lingshi, as to the appropriate actions in response to the Notice. These negotiations and discussions are ongoing and the Company has yet to come to a conclusion or agreement with the JV Partner and the Lingshi Government.

OIL BUSINESS

In 2015, global economic recovery was slow and the growth rate of the Chinese economy has slowed down. The demand in the petroleum market was weak and the international crude oil price continued to fluctuate at a low level. In the face of the complicated and harsh economic environment, the Group focused on lowering the costs and enhancing efficiency. The operating results before the impairment losses of intangible assets and property, plant and equipment for the year decreased substantially as compared with last year.

According to our original planning, we expected that in 2015 we would be able to drill 30 production wells and extract approximately 30,000 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 2015, we have extracted approximately 17,000 metric tonnes (2014: 23,000 metric tonnes) of oil.

It is not cost effective to drill production well at the current low oil price environment. Our technician has been analysing the data received from existing extraction activities in order to determine if new extraction method should be deployed to save cost. We are still negotiating with technical department of our partner, China National Petroleum Corporation ("CNPC"), and other local expertise in this study.

The results from operations and costs incurred in oil business are detailed as below. In 2015, the Group achieved a turnover of approximately HK$41 million (2014: HK$102 million), representing a decrease of 60% as compared with last year. The reportable segment loss of oil production before impairment losses of intangible assets and property, plant and equipment for 2015 amounted to approximately HK$29 million (2014: profit of HK$15 million). This was primarily due to the combined impact of the decrease in both the selling price and the sales volume of crude oil.

Results from operations

	2015	2014
	HK$'000	*HK$'000*
Net sales to customers	**40,675**	102,099
Other income	**23**	2,944
Operating expenses	**(55,798)**	(61,023)
Depreciation	**(14,076)**	(17,631)
Special petroleum revenue tax	**–**	(11,569)
Impairment loss of intangible assets	**(408,954)**	(441,894)
Impairment loss of property, plant and equipment	**(33,843)**	(185,136)
Results from operations before income tax	**(471,973)**	(612,210)

Cooperation Contract Impairment

As at 31 December 2015, the Company reviewed the carrying amounts of its assets related to the cooperation contract entered between CNPC and China Era Energy Power Investment Limited (an indirect wholly-owned subsidiary of the Company) dated 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 determination of 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 the Cooperation Contract.

In assessing the recoverable amount of the cash generating units of the oil business (the "Oil Production CGU") at 31 December 2015, the Company calculated the value-in-use derived 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 crude oil price projection basis by reference to market price of New York Mercantile Exchange WTI ("NYMEX WTI") at the end of 2015; and
- The discount rate by reference to market comparable.

The review on the carrying amounts of the Oil Production CGU resulted in total impairment losses of approximately HK$442,797,000 (2014: HK$627,030,000). The impairment losses have been recorded within operating expenses on the face of the consolidated income statement and relates to the Company's segment information in oil production.

TERMINAL, STORAGE AND LOGISTICS BUSINESS

By end of 2015, the Group has injected RMB115 million (equivalent to approximately HK$136 million) to Shandong Shundong Port Services Company Limited（山東順東港務有限公司）("Shandong Shundong") to obtain 51% equity interest in Shandong Shundong. Since the control in Shandong Shundong was obtained by end of 2015, the results of Shandong Shundong do not have significant impact to the Group's results. As at 31 December 2015, net current liabilities and net assets of approximately HK$88 million and HK$314 million from this business have been reflected in the consolidated statement of financial position respectively.

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 was the Board's 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 announcements dated 11 June 2015, 12 June 2015 and 9 March 2016, the Higher People's Court of Qinghai Province had made a final judgement that the change of exploration right agreement between QHFSMI and Yuen Xian Company was invalid and the Qinghai Province People's Procuratorate had expressed its "no-support" as to the review of the abovementioned final judgement, respectively.

The Group has sought legal opinion in respect of regaining the power over QHFSMI and the exploration license. The Group has appointed the PRC lawyer to handle this matter.

In the opinion of the directors, the aforesaid legal proceedings have no material impact on the financial position and operations of the Group as the Group is still in the process of regaining the controlling power over QHFSMI and IMFSMI which had already been de-consolidated since 2010.

FUTURE PLAN AND PROSPECTS

(i) Electricity and heat business

Regarding the Notice of the Shutdown received in April 2015, the Company is inclined to obey the shutdown order from the Lingshi Government, but is concerned as to, amongst other things, the employment of the workforce at the Power Plant and the economic damages suffered by the Group as a result of the Shutdown. The Company currently expects that, if the Power Plant is shut down permanently and no remedial plan is available to us, the Group will not only suffer significant loss but will also be forced to terminate the operations of its Supply of Heat and Electricity segment entirely.

On 30 December 2015, Precious New Limited, a wholly-owned subsidiary of the Company, has entered into the sale and purchase agreement with an independent third party who has conditionally agreed to acquire and Precious New Limited has conditionally agreed to sell its shares in Sunlight Rise Limited, intermediate holding company of Shanxi Zhong Kai Group Lingshi, and the sale loan. The consideration for the sale and purchase of the sale shares and the sale loan is HK$1,500,000 (subject to adjustment).

In view that Shanxi Zhong Kai Group Lingshi has to close down the factory and shut down the operations of two of its power generating units in the future and thereafter, Sunlight Rise Limited and its subsidiaries (the "Disposed Group") will have no operation at all and the unlikelihood of recovering the sale loan from the Disposed Group is in doubt. The Disposed Group will be of no value and the Company has to write-off most of the assets in the Disposed Group. The disposal will allow the Group to realise its investment in the Disposed Group. Further with the possible adjustment mechanism to the consideration mechanism in place, the Group will be able to share any future compensation given out by the PRC government authorities, organisations, entities and/or individuals to Shanxi Zhong Kai Group Lingshi (or its nominee). The Board considers that disposal of the sale shares and the sale loan at the consideration (subject to adjustment) is fair and reasonable. In addition, a bank loan in the sum of RMB35,000,000 advanced by a PRC licensed bank to Shanxi Zhong Kai Group Lingshi had expired on 29 December 2015. As at the date of this announcement, Shanxi Zhong Kai Group Lingshi has not yet renewed the said bank loan. Under the circumstances, Shanxi Zhong Kai Group Lingshi needs to repay the said bank loan and the Company may have to inject further capital to the Disposed Group for its operation. Through the disposal, the Company does not need to commit further capital investment to the Disposed Group for its general maintenance and reduce the impact of any future notices that may be issued by the PRC government which may increase the costs of maintaining the Disposed Group. Upon completion of the disposal, the Group can lower its gearing level and streamline its businesses and focus on the oil production business and the development of the terminal, storage and logistics facilities, which is expected to generate stable income to the Group and is of high growth potential and profitability.

(ii) Oil business

In 2016, the recovery of the global economy will remain highly uncertain, The crude oil price is likely to continue to keep at low levels but will be higher than that in 2015. Experienced the drop in January 2016, the crude oil price is in a growing trend recently. As compared to end of 2015, according to NYMEX WTI, the international crude oil price records more than 10% growth. 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.

Taking into accounts the production capacity of 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 2016 would be approximately 15,000 metric tonnes (equivalent to 110,000 barrels of oil).

As disclosed in the Company's announcement dated 4 July 2015 in relation to the legal proceedings brought by, inter alia, the Company against, inter alia, the vendors of and other parties relating to the acquisition of our oil production business (the "Liangjing Project"). Since such litigation is only in a preliminary stage, based on the prevailing situation, the Group is inclined to continue the oil extraction activities in the Liangjing Project. The Board will closely monitor the operations and performance of the Group's oil production business under the Liangjing Project.

(iii) Terminal, storage and logistics business

On 18 December 2015, the Company entered into an agreement (the "Acquisition Agreement") with an independent third party for the acquisition of 100% equity interest (the "Acquired Interest") of Mission Achiever Limited ("Mission Achiever") for a total cash consideration of HK$185 million. By acquiring the Acquired Interest, the Group can effectively acquire the contractual right to participate in 51% equity interest in Shandong Shundong. It is a condition of the Acquisition Agreement that a portion of the consideration, amounted to RMB115 million (equivalent to approximately HK$136 million), was directly applied to satisfy the capital contribution agreed to be made to Shandong Shundong in order to obtain 51% equity interest in Shandong Shundong. The capital contribution has been made by end of year 2015.

Payment of the consideration for the acquisition was funded from the internal financial resources of the Group. Shandong Shundong is designed to provide a comprehensive range of terminal, storage and logistics services for liquid chemical products in Dongying Port, which is an important regional port in Shandong Province, the PRC and is located on the coastline of Bohai Bay and the banks of the Yellow River Delta of Shandong Province. This project is expected to reduce the Group's reliance on the existing businesses and enable the Group to diversify its businesses and to broaden its source of revenue in the future.

As at 31 December 2015, Shandong Shundong has substantially completed the land forming and reclamation construction of land in Dongying Port, and is in the process of (i) constructing the chemical tankers with total designed annual thruoughput capacity of not less than 3.6 million metric tonnes; and (ii) applying for permits and licenses in respect of the construction of vertical liquid storage tanks and liquid storage speres with total storage capacity of 348,000 cubic metres of liquid chemicals. The construction of the facilities and application of related permits and licenses are expected to be completed by end of 2016 or early 2017, and the operation is expected to be commenced before mid-2017.

Further details of the transaction are set out in the Company's announcement dated 18 December 2015.

FINANCIAL SUMMARY

(i) Revenue

The Group's revenue for the year ended 31 December 2015 was approximately HK$88 million. The administrative expenses for the year ended 31 December 2015 were approximately HK$42 million, which represented a increase of 36% compared to the administrative expenses incurred last year.

(ii) Gross loss

Gross loss of the Group for the year ended 31 December 2015 was approximately HK$44 million (2014: gross profit of HK$17 million). The gross loss arose from both the electricity and heat business and the oil business.

Gross loss arising from the electricity and heat business is mainly caused by the decrease in supply of electricity in the second half of 2015 and the cease in supply of heat from April 2015 onwards. Without drawing conclusion on negotiation with the Lingshi Government, Shanxi Zhong Kai Group Lingshi has maintained the workforce even the revenue decreased due to the Notice. Gross loss from the oil business is mainly attributable to the decrease in selling price and sales volume of crude oil, but with the same level of certain fixed cost, such as staff costs and depreciation.

The Board believes that after the disposal of the Disposed Group and the crude oil price recovered from the bottom level, together with certain cost saving policies such as temporary close down of the less efficient oil wells and minimising of staff costs, the gross loss situation is expected to be substantially improved.

(iii) Loss attributable to the owners of the Company

The loss attributable to the owners of the Company for the year ended 31 December 2015 was approximately HK$493 million which represented a decrease of 27%, as compared to last corresponding year. The loss was mainly resulted from the impairment losses of intangible assets and property, plant and equipment amounted to approximately HK$409 million and HK$82 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.

CAPITAL STRUCTURE

(i) Placing of new shares on 12 June 2015 under general mandate

On 15 May 2015, the Company as the issuer and China Everbright Securities (HK) Limited as placing agent and Pacific Foundation Securities Limited as placing agent (the "Placing Agents") entered into the placement agreement (the "Placing Agreement"), pursuant to which the Company had conditionally agreed to place through the Placing Agents, on a best effort basis, up to an aggregate of 369,417,012 new ordinary shares of HK$0.1 each in the share capital of the Company (the "Placing Shares"), to not less than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and any of its connected persons or their respective associates, at a price of HK$0.145 per Placing Share. The Placing Shares were allotted and issued pursuant to the general mandate refreshed by the shareholders of the Company at the annual general meeting of the Company held on 24 June 2014. On 12 June 2015, the placing was completed in accordance with the terms and conditions of the Placing Agreement. The Company received net proceeds of approximately HK$52.5 million from the Placing Shares, representing a net issue price of approximately HK$0.142 per Placing Share.

(ii) Placing of convertible bonds on 16 September 2015 under specific mandate

On 15 May 2015, the Company and the Placing Agents entered into the convertible bonds placing agreement (the "CB Placing Agreement"), pursuant to which the Company had conditionally agreed to place through the Placing Agents, on a best effort basis, the convertible bonds (the "CBs") with a principal amount of up to HK$300,000,000 to not less than six CB Placees. The initial conversion price is HK$0.158 per conversion share, and 1,898,734,177 conversion shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the CBs. All conditions set out in the CB Placing Agreement have been fulfilled and the completion of the CB placing took place on 16 September 2015 in accordance with the terms and conditions of the CB Placing Agreement. The CBs were allotted and issued pursuant to the specific mandate approved by the shareholders at the extraordinary general meeting (the "EGM") held on 17 August 2015. As at 31 December 2015, principal amount of HK$110,000,000 had been converted to 696,202,521 new ordinary shares and the outstanding CBs amounted to a principal amount of HK$190,000,000.

CURRENT AND GEARING RATIOS

As at 31 December 2015, the Group had total assets of approximately HK$1,511 million (2014: HK$1,380 million), total liabilities of approximately HK$824 million (2014: HK$522 million), indicating a gearing ratio of 0.55 (2014: 0.38) on the basis of total liabilities over total assets. The current ratio of the Group for the year was 0.79 (2014: 0.57) on basis of current assets over current liabilities.

CONTINGENT LIABILITIES

As at 31 December 2015, 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 of approximately HK$588,456,000 (2014: HK$791,000) and HK$50,622,000 (2014: HK$50,986,000) respectively as at 31 December 2015.

CHARGES ON ASSETS

As at 31 December 2015, the Group had interest-bearing bank borrowings of approximately HK$41 million (2014: HK$43 million) and pledged bank deposits of approximately HK$22,000 (2014: HK$1,003,000).

EMPLOYEE INFORMATION

As at 31 December 2015, the Group employed 432 full-time employees (2014: 446). 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.

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 2015. 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 2015 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 2015 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;

(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 shareholders, Mr. Wang Jinghua (the "Mr. Wang") and Mr. Lee Hoi Yan, the independent non-executive directors, were unable to attend the AGM of the Company held on 30 June 2015 and Mr. Wang and Mr. Fung Nam Shan, the indepenent non-executive directors, were unable to attend the EGM of the Company held on 17 August 2015, due to their other prior engagements; and

(v) Mr. Lan Yongqiang ("Mr. Lan") has been re-designated as an executive director of the Company on 8 December 2014. Following the re-designation of Mr. Lan, the number of independent non-executive directors fall below the minimum number required under the Rule 3.10(1) of the Listing Rules of the Stock Exchange. The Board appointed Ms. Zhao Hanqi as the independent non-executive director on 6 March 2015 to comply with the aforesaid ruling.

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 2015.

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 2015 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
Chan Wai Cheung Admiral
Executive Director

Hong Kong, 25 April 2016

As at the date of this announcement, the executive Directors are Ms. Wang Meiyan, Mr. Chan Wai Cheung Admiral, Ms. Jin Yuping and Mr. Lan Yongqiang; and the independent non-executive Directors are Mr. Lee Hoi Yan, Mr. Wang Jinghua and Mr. Fung Nam Shan.