ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED
能源國際投資控股有限公司*

(Formerly known as Xian Yuen Titanium Resources Holdings Limited 森源鈦礦控股有限公司*)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 353)

ANNOUNCEMENT OF 2010 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 2010 as follows:

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2010

	Notes	**2010** **HK$'000**	2009 HK$'000 (Re-presented)
Continuing operations:			
Revenue	*3*	**45,620**	10,332
Cost of sales		**(47,018)**	(10,020)
Gross (loss)/profit		**(1,398)**	312
Other income	*3*	**9,035**	2,509
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	*18(b)*	**606,270**	–
Administrative expenses		**(22,350)**	(17,205)
Other operating expenses		**(6,715)**	(41,707)
Impairment loss recognised in respect of goodwill		**(49,064)**	–
Finance costs	*5*	**(5,229)**	(6,455)
Profit/(Loss) before income tax	*6*	**530,549**	(62,546)
Income tax credit		**1,457**	–
Profit/(Loss) after income tax from continuing operations		**532,006**	(62,546)
Discontinued operations:			
Loss for the year	*8*	**(348,966)**	(369,641)
Profit/(Loss) for the year		**183,040**	(432,187)

* *For identification purpose only*

	Notes	2010 HK$'000	2009 HK$'000 (Re-presented)
Profit/(Loss) for the year attributable to:			
Owners of the Company	*9*		
– from continuing operations		**533,853**	(62,546)
– from discontinued operations		**(348,966)**	(369,641)
		184,887	(432,187)
Non-controlling interests			
– from continuing operations		**(1,847)**	–
– from discontinued operations		**–**	–
		(1,847)	–
Profit/(Loss) for the year		**183,040**	(432,187)
Profit/(Loss) per share for earnings/(loss) attributable to the owners of the Company during the year	*10*		
– Basic			
From continuing and discontinued operations		**HK cents 2.3**	(HK cents 8.2)
From continuing operations		**HK cents 6.6**	(HK cent 1.2)
From discontinued operations		**(HK cents 4.3)**	(HK cents 7.0)
– Diluted			
From continuing and discontinued operations		**HK cents 2.1**	N/A
From continuing operations		**HK cents 6.2**	N/A
From discontinued operations		**(HK cents 4.1)**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
Profit/(Loss) for the year		**183,040**	(432,187)
Other comprehensive income			
Exchange gain/(loss) on translation of financial statements of foreign operations		**10,553**	(146)
Release of exchange reserve upon disposals of subsidiaries		**–**	(9,272)
Release of exchange reserve upon de-consolidating subsidiaries	*19*	**(972)**	–
Other comprehensive income/(expense) for the year		**9,581**	(9,418)
Total comprehensive income/(expense) for the year		**192,621**	(441,605)
Total comprehensive income/(expense) attributable to:			
Owners of the Company		**190,247**	(441,605)
Non-controlling interests		**2,374**	–
		192,621	(441,605)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**510,460**	3,605
Prepaid land lease payments		**29,569**	–
Goodwill		**274,302**	327,632
Deposits for acquisitions of subsidiaries		**–**	185,000
Exploration and evaluation assets		**–**	38,562
Intangible assets	*11*	**2,127,962**	–
Deferred tax assets		**13,064**	–
		2,955,357	554,799
Current assets			
Indemnification assets		**5,000**	–
Inventories		**4,800**	–
Trade receivables	*12*	**16,617**	–
Prepayments, deposits and other receivables		**40,614**	1,393
Amount due from non-controlling shareholder		**6,080**	–
Pledged bank deposits		**945**	–
Cash at banks and in hand		**146,135**	113,382
Tax prepaid		**34**	–
		220,225	114,775
Current liabilities			
Trade payables	*13*	**18,851**	–
Other payables and accruals		**124,687**	22,559
Amount due to non-controlling shareholder		**11,570**	–
Provision for legal claim		**5,000**	–
Bank borrowings	*14*	**21,133**	–
Other borrowings		**8,394**	–
		189,635	22,559
Net current assets		**30,590**	92,216
Total assets less current liabilities		**2,985,947**	647,015
Non-current liabilities			
Bank borrowings	*14*	**11,806**	–
Other borrowings		**87,010**	–
Promissory notes	*15*	**43,865**	–
Convertible bonds	*16*	**20,292**	19,279
Deferred tax liabilities		**530,707**	–
		693,680	19,279
Net assets		**2,292,267**	627,736

	Notes	**2010**	2009
		HK$'000	*HK$'000*
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*17*	**134,626**	73,610
Reserves		**2,015,309**	554,126
		2,149,935	627,736
Non-controlling interests		**142,332**	–
Total equity		**2,292,267**	627,736

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

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 Room 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").

Pursuant to a resolution passed on 28 September 2010 at an extraordinary general meeting, the Company's name was changed from Xian Yuen Titanium Resources Holdings Limited to Energy International Investments Holdings Limited.

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

- the trading of carpets representing the trading of carpets of other renowned brand names;
- the supply of electricity and heat representing the business of generation and supplying of electricity and heat (newly acquired during the year); and
- the oil production representing the business of oil production (newly acquired during the year).

On 10 August 2010, the Group completed the acquisition of the entire equity interests in Sunlight Rise Limited ("Sunlight Rise", together with its subsidiaries referred to as the "Sunlight Group") (note 18(a)) which is principally engaged in the generation and supplying of electricity and heat in the People's Republic of China (the "PRC"). Details of the acquisition have been set out in the Company's circular dated 28 June 2010.

On 31 December 2010, the Group also completed the acquisition of the entire equity interests in China International Energy Investments (Hong Kong) Limited ("China International", together with its subsidiaries referred to as the "China International Group") (note 18(b)) which is principally engaged in the oil production in the PRC. Details of the acquisition have been set out in the Company's circular dated 11 October 2010.

During the year, the Group discovered that the exploration licence held by the Company's subsidiary was transferred without the Group's consent, details of which are set out in the Company's announcements dated 26 August 2010 and 27 August 2010. Presently, the board intends to suspend the Group's exploration of mine business until the Group can successfully resume the controls over its subsidiaries, namely Qinghai Forest Source Mining Industry Developing Company Limited ("QHFSMI") and Inner Mongolia Forest Source Mining Industry Developing Company Limited ("IMFSMI") and until the Group repossesses the exploration licence. As a consequence, the directors of the Company consider that the Group currently does not have the power to exercise its rights as the sole shareholder and is unable to exercise the control over the financial and operating policy decisions of QHFSMI and IMFSMI. In light of this, the directors of the Company consider that it is inappropriate to consolidate the financial results of QHFSMI and IMFSMI into the Group and these two wholly-owned subsidiaries are de-consolidated and classified as discontinued operations during the year. Certain comparatives on the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and related notes have been re-presented as a result of the retrospective application of Hong Kong Financial Reporting Standards ("HKFRS") 5. Details of the financial impact as a result of the loss of controls over the assets of QHFSMI and IMFSMI are set out in note 19 to the financial statements.

Other than the acquisitions and the de-consolidating subsidiaries as described 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 consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated 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").

2. ADOPTION OF NEW AND AMENDED HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2010:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
Amendments to HKFRS 2	Share-based Payments – Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK-Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKFRS 3 (Revised) – Business Combinations and HKAS 27 (Revised) – Consolidated and Separate Financial Statements

The revised accounting policies are effective prospectively for business combinations effected in financial periods beginning on or after 1 July 2009. Changes in HKFRS 3 include the valuation of non-controlling interests the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. The Group has accounted for the acquisition of the Sunlight Group and the China International Group according to the revised standard, details of which are set out in note 18 to the financial statements.

HKAS 17 (Amendments) – Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid land lease payments in the statement of financial position. The amendment to HKAS 17 has removed such a requirement and requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. The Group concluded that the classification of the land use rights in the PRC as operating leases continues to be appropriate. The adoption of HKAS 17 has had no impact during the year and the new accounting policy has been applied retrospectively.

HK-Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The Interpretation is a clarification of an existing standard, HKAS 1 Presentation of Financial Statements. It sets out the conclusion reached by the HKICPA that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with paragraph 69(d) of HKAS 1 irrespective of the probability that the lender will invoke the clause without cause. The issuance of HK-Int 5 has had no material impact on the consolidated financial statements as the Interpretation's conclusion has already been consistent with the policies already adopted by the Group.

Early adoption of new or amended HKFRSs

The Group early adopted the Amendments to HKFRS 3 – Business Combinations which was pertinent to its operations. In accordance with the relevant transitional provisions, business combination refers exclusively to business combination whose acquisition date preceded the application of this HKFRS as issued in 2008. If a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the acquirer shall include the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. If the future events do not occur or the estimate needs to be revised, the cost of the business combination shall be adjusted accordingly. No adjustment to the cost of the combination contingent has been made during the year as a result of the early adoption of the amendment.

At the date of authorisation of these financial statements, certain new and amended 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 and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

HKFRS 9 Financial Instruments

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors of the Company are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities. The changes resulting from the amendments only affect the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. All other requirements in HKAS 39 in respect of liabilities are carried forward into HKFRS 9. However, the loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of these additions.

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

3. REVENUE AND OTHER INCOME

The Group's principal activities are disclosed in note 1 to the financial statements. Turnover of the Group is the revenue from these activities on continuing and discontinued operations.

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

	2010	2009
	HK$'000	*HK$'000*
		(Re-presented)
Revenue on continuing operations		
Sale of goods	**1,207**	10,332
Sale of electricity and heat	**44,413**	–
	45,620	10,332
Other income on continuing operations		
Bank interest income	**121**	50
Interest income from loan receivables	**–**	1,736
Government grants *(note)*	**5,561**	–
Gain on disposals of subsidiaries *(note)*	**–**	703
Sundry income	**3,353**	20
	9,035	2,509

Turnover of the Group for the year is HK$45,620,000 (2009: HK$10,332,000).

Notes:

Government grants

During the year, the government in the PRC compensated an unconditional grant to the Group for its low selling price of heat energy.

Gain on disposals of subsidiaries

On 16 January 2009, the Group completed the disposal of the entire equity interests in a subsidiary, namely Beijing Forest Source Mining Industry Development Company Limited ("BJFSMI"), for a consideration of HK$10,000,000. As at the date of disposal, BJFSMI had net assets of HK$9,332,000. Accordingly, a gain of HK$668,000 was recognised in profit or loss for the year ended 31 December 2009.

On 30 April 2009, the Group completed the disposal of the entire equity interests in its subsidiaries, namely Jackley China Limited ("Jackley China") and its subsidiaries, for a consideration of HK$1. As at the date of disposal, Jackley China and its subsidiaries had net liabilities of HK$2,000. Accordingly, a gain of HK$2,000 was recognised in profit or loss for the year ended 31 December 2009.

On 4 May 2009, the Group completed the disposal of the entire equity interests in its subsidiaries, namely 626 Limited and its subsidiary, Hong Kong Forest Source Mining Industry Development Company Limited, for a consideration of HK$1. As at the date of disposal, 626 Limited and its subsidiary had net liabilities of HK$33,000. Accordingly, a gain of HK$33,000 was recognised in profit or loss for the year ended 31 December 2009.

4. 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 following the Group's major product and service lines. The Group has identified the following reportable segments.

(a) the Trading of Carpets segment represents the trading of carpets of other renowned brand names;

(b) the Supply of Electricity and Heat segment represents the business of generation and supplying of electricity and heat (newly acquired during the year); and

(c) the Oil Production segment represents the business of oil production (newly acquired during the year).

There was no inter-segment sale and transfer during the year (2009: Nil).

	Trading of Carpets		Supply of Electricity and Heat		Oil Production		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Re-presented)		(Re-presented)		(Re-presented)		(Re-presented)
Reportable segment revenue:								
From external customers	**1,207**	10,332	**44,413**	–	**–**	–	**45,620**	10,332
Reportable segment profit/(loss)	**(2,022)**	(1,571)	**(46,082)**	–	**606,270**	–	**558,166**	(1,571)
Bank interest income	**–**	–	**47**	–	**–**	–	**47**	–
Depreciation	**3**	–	**9,723**	–	**–**	–	**9,726**	–
Amortisation of prepaid land lease payment	**–**	–	**269**	–	**–**	–	**269**	–
Amortisation of intangible assets	**–**	–	**6,406**	–	**–**	–	**6,406**	–
Impairment loss on goodwill	**–**	–	**49,064**	–	**–**	–	**49,064**	–
Gain on disposals of subsidiaries	**–**	33	**–**	–	**–**	–	**–**	33
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	**–**	–	**–**	–	**606,270**	–	**606,270**	–
Reportable segment assets	**685**	958	**787,534**	–	**2,369,306**	–	**3,157,525**	958
Additions to non-current segment assets during the year	**32**	–	**757,690**	–	**2,239,616**	–	**2,997,338**	–
Reportable segment liabilities	**109**	51	**157,404**	–	**622,372**	–	**779,885**	51

The Group's revenues from external customers are divided into the following geographical areas:

	Hong Kong (Domicile)		PRC		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Re-presented)		(Re-presented)		(Re-presented)
Reportable segment revenue:						
From external customers	**1,207**	10,332	**44,413**	–	**45,620**	10,332
Non-current assets	**448**	185,027	**2,941,845**	369,772	**2,942,293**	554,799

5. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Interest on bank and other borrowings due within one year	**3,065**	53
Finance leases	**–**	5
Imputed interest on promissory notes *(note 15)*	**11**	–
Imputed interest on convertible bonds *(note 16)*	**2,153**	6,397
	5,229	6,455

6. PROFIT/(LOSS) BEFORE INCOME TAX

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

	2010	2009
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Cost of inventories recognised as expense	**20,500**	10,020
Depreciation *(note a below)*		
– owned assets	**9,841**	147
– leased assets	**–**	63
	9,841	210
Amortisation of prepaid land lease payments	**269**	–
Amortisation of intangible assets *(note 11)*	**6,406**	–
Auditors' remuneration	**700**	480
Exchange loss, net	**381**	–
Impairment loss of goodwill	**49,064**	–
Loss on disposals of subsidiaries *(note b below)* **	**–**	10,534
Loss on disposals of property, plant and equipment **	**269**	10
Operating lease charges on land and buildings	**1,430**	1,098
Outgoings in respect of leasing properties	**–**	220
Provision for impairment loss of other receivables **	**39**	30,965
Staff costs, including directors' emoluments	**8,885**	3,344

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

Notes:

(a) Depreciation expenses of HK$9,337,000 (2009: Nil) and HK$504,000 (2009: HK$210,000 (re-presented)) were included in cost of sales and administrative expenses respectively.

(b) On 21 August 2009, the Group completed the disposal of the entire equity interests in its subsidiaries, namely Aurora International Enterprises Limited ("AIEL") and its subsidiaries, for a consideration of HK$2,000,000. As at the date of disposal, AIEL and its subsidiaries had net assets of HK$12,534,000. Accordingly, a loss of HK$10,534,000 was recognised in profit or loss for the year ended 31 December 2009.

7. DIVIDENDS

The board of directors did not recommend any payment of dividends during the year (2009: Nil).

8. DISCONTINUED OPERATIONS

As mentioned in notes 1 and 19, exploration of mine business is presented as discontinued operations in accordance with HKFRS 5 during the year.

On 20 March 2009, the Group completed the disposal of the entire equity interests in its subsidiaries, namely Orient Carpet Manufacturing (HK) Limited ("Orient Carpet") and its subsidiary, namely Hui Zhou Orient Carpet Manufacturing Co., Limited ("HZOCM"), for a consideration of HK$19.3 million of which (a) HK$12.2 million was used to set off against the net current liabilities of HZOCM and (b) HK$7.1 million was paid in cash on completion date. Accordingly, a gain of HK$8,341,000 was recognised in profit or loss for the year ended 31 December 2009.

An analysis of the results and cash flows of Discontinued Operations included in the consolidated income statement and the consolidated statement of cash flows was as follows:

	2010	2009		
	The Exploration of Mine Business	The Carpet Manufacturing Business	The Exploration of Mine Business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Re-presented)	(Re-presented)
Revenue	**–**	–	–	–
Other income	**–**	–	6	6
Expenses	**–**	–	(9,587)	(9,587)
Impairment loss recognised in respect of goodwill	**–**	–	(368,401)	(368,401)
		–	(377,982)	(377,982)
Income tax expense	**–**	–	–	–
		–	(377,982)	(377,982)
Gain on disposals of subsidiaries	**–**	8,341	–	8,341
Loss on de-consolidating subsidiaries *(note 19)*	**(348,966)**	–	–	–
(Loss)/Profit for the year from discontinued operations and attributable to the owners of the Company	**(348,966)**	8,341	(377,982)	(369,641)
Operating cash inflows	**–**	–	3,297	3,297
Investing cash outflows	**–**	–	(2,907)	(2,907)
Financing cash outflows	**–**	–	(320)	(320)
Net cash inflows	**–**	–	70	70

9. PROFIT/(LOSS) ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

Of the consolidated profit attributable to the owners of the Company of HK$184,887,000 (2009: a loss of HK$432,187,000), a loss of HK$370,008,000 (2009: HK$669,839,000) has been dealt with in the financial statements of the Company.

10. EARNINGS/(LOSS) PER SHARE

The calculations of basic and diluted earnings/(losses) per share attributable to the owners of the Company are based on the following data:

	2010	2009
	HK$'000	*HK$'000*
		(Re-presented)
Profit/(Loss) for the year attributable to the owners of the Company for the purpose of basic earnings/(loss) per share	**184,887**	(432,187)
Loss for the year attributable to the owners of the Company from discontinued operations	**(348,966)**	(369,641)
Profit/(Loss) for the year attributable to the owners of the Company for the purpose of basic earnings/(loss) per share from continuing operations	**533,853**	(62,546)
Effect of dilutive potential ordinary shares:		
– Imputed interest on convertible bonds	**2,153**	–
Profit/(Loss) for the year attributable to the owners of the Company for the purpose of diluted earnings/(loss) per share from continuing operations	**536,006**	(62,546)

	2010	2009
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**8,139,726**	5,281,679
Effect of dilutive potential ordinary shares:		
– Convertible bonds	**519,097**	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**8,658,823**	5,281,679

No diluted loss per share attributable to the owners of the Company is presented for the year ended 31 December 2009 as there were no dilutive potential shares.

From continuing and discontinued operations:

The calculation of basic earnings per share from continuing and discontinued operations is based on the profit attributable to the owners of the Company of HK$184,887,000 and the weighted average number of ordinary shares of 8,139,726,000 in issue during the year.

The calculation of diluted earnings per share is based on the adjusted profit attributable to the owners of the Company of HK$187,040,000 and the weighted average number of ordinary shares of 8,658,823,000 outstanding during the year, after adjusting for the effects of all dilutive potential ordinary shares. The adjusted profit attributable to the owners of the Company is calculated based on the profit attributable to the owners of the Company for the year ended 31 December 2010 of HK$184,887,000 as used in the calculation of basic earnings per share plus interest of HK$2,153,000 on the convertible bonds.

The weighted average number of ordinary shares used in the calculation of diluted earnings per share is calculated based on the weighted average of 8,139,726,000 ordinary shares in issue during the year as used in the calculation of basic earnings per share plus the weighted average of 519,097,000 ordinary shares deemed to be issued at no consideration as if all the Company's convertible bonds had been converted.

The denominators and numerators used are the same as those details above for both basic and diluted earnings/(loss) per share.

No diluted loss per share from continuing and discontinued operations attributable to the owners of the Company is presented for the year ended 31 December 2009 as there were no dilutive potential shares.

From continuing operations:

The calculation of basic earnings per share from continuing operations is based on the profit attributable to the owners of the Company of HK$533,853,000 and the weighted average number of ordinary shares of 8,139,726,000 in issue during the year.

The calculation of diluted earnings per share is based on the adjusted profit attributable to the owners of the Company of HK$536,006,000 and the weighted average number of ordinary shares of 8,658,823,000 outstanding during the year, after adjusting for the effects of all dilutive potential ordinary shares. The adjusted profit attributable to the owners of the Company is calculated based on the profit attributable to the owners of the Company for the year ended 31 December 2010 of HK$533,853,000 as used in the calculation of basic earnings per share plus interest of HK$2,153,000 on the convertible bonds.

The weighted average number of ordinary shares used in the calculation of diluted earnings per share is calculated based on the weighted average of 8,139,726,000 ordinary shares in issue during the year as used in the calculation of basic earnings per share plus the weighted average of 519,097,000 ordinary shares deemed to be issued at no consideration as if all the Company's convertible bonds had been converted.

The denominators and numerators used are the same as those details above for both basic and diluted earnings/(loss) per share.

No diluted loss per share from continuing operations attributable to the owners of the Company is presented for the year ended 31 December 2009 as there were no dilutive potential shares.

From discontinued operations:

The calculation of basic loss per share from discontinued operations is based on the loss attributable to the owners of the Company of HK$348,966,000 and the weighted average number of ordinary shares of 8,139,726,000 in issue during the year.

The calculation of diluted loss per share is based on the loss attributable to the owners of the Company of HK$348,966,000 and the weighted average number of ordinary shares of 8,658,823,000 outstanding during the year, after adjusting for the effects of all dilutive potential ordinary shares. The loss attributable to the owners of the Company is calculated based on the loss attributable to the owners of the Company for the year ended 31 December 2010 of HK$348,966,000 as used in the calculation of basic loss per share.

The weighted average number of ordinary shares used in the calculation of diluted loss per share is calculated based on the weighted average of 8,139,726,000 ordinary shares in issue during the year as used in the calculation of basic loss per share plus the weighted average of 519,097,000 ordinary shares deemed to be issued at no consideration as if all the Company's convertible bonds had been converted.

The denominators and numerators used are the same as those details above for both basic and diluted loss per share.

No diluted loss per share from discontinued operations attributable to the owners of the Company is presented for the year ended 31 December 2009 as there were no dilutive potential shares.

11. INTANGIBLE ASSETS – GROUP

	Exploration and evaluation assets HK$'000 (note i)	Customers' contracts HK$'000 (note ii)	Interests in oil production sharing contract HK$'000 (note iii)	Total HK$'000
At 1 January 2009, 31 December 2009 and 1 January 2010	–	–	–	–
Acquisition of subsidiaries *(notes 18(a) and (b))*	5,133	25,235	2,104,000	2,134,368
Amortisation for the year *(note 6)*	–	(6,406)	–	(6,406)
At 31 December 2010	5,133	18,829	2,104,000	2,127,962

Notes:

(i) These are mainly classified from exploration and evaluation assets arising from the Oil Production segment when the technical feasibility and commercial viability of extracting the mineral resource had been determined and that the commercial production commences are recognised initially at cost.

(ii) Customers' contracts acquired from the business combination are recognised at fair value on business combination and are charged to profit or loss when customers' contracts complete.

(iii) Interests in oil production sharing contract acquired from the business combination are recognised at fair value on business combination and are charged to profit or loss on unit of production method.

12. TRADE RECEIVABLES – GROUP

The Group normally allows trading credit terms ranging from 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. In view of this, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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

	2010 ***HK$'000***	2009 *HK$'000*
1 – 90 days	**16,158**	–
121 – 365 days	**459**	–
	16,617	–

At 31 December 2009 and 2010, there were no trade receivables that were individually determined to be impaired. The Group did not hold any collateral over these balances.

Ageing analysis of trade receivables that are not impaired are as follows:

	2010 ***HK$'000***	2009 *HK$'000*
210 - 240 days past due but not impaired	**459**	–

As at 31 December 2010, trade receivables of HK$16,158,000 (2009: Nil) were neither past due nor impaired. These related to different customers for whom there was no recent history of default.

13. TRADE PAYABLES – GROUP

Trade payables related to the subsidiaries acquired during the year and are non-interest-bearing and are normally settled on 60-day terms.

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

	2010	2009
	HK$'000	*HK$'000*
1 – 90 days	**12,679**	–
91 – 120 days	**3,324**	–
121 – 365 days	**626**	–
Over 1 year	**2,222**	–
	18,851	–

14. BANK BORROWINGS – GROUP

The bank borrowings are repayable as follows:

	2010	2009
	HK$'000	*HK$'000*
Within one year	**21,133**	–
In the second year	**11,806**	–
	32,939	–

The carrying amounts of all bank borrowings are denominated in RMB. Short-term and long-term bank borrowings are charged at floating interest rates ranged from 6.48% to 19.5% (2009: Nil) per annum and are secured by a related company of one of the non-controlling shareholders.

15. PROMISSORY NOTES – GROUP

As described in note 18(b), as a part of the consideration of the acquisition of the China International Group, the Group issued promissory notes with a principal amount of HK$50,000,000. The promissory notes are unsecured, interest bearing at 2% per annum and are repayable on 31 December 2012. The fair value at the date of issue amounting to HK$43,854,000 was calculated at the discounted borrowing rate of 8.99% per annum.

Movement of promissory notes is as follows:

	2010	2009
	HK$'000	*HK$'000*
At the beginning of the year	**–**	–
Issue of promissory notes *(note 18(b))*	**43,854**	–
Imputed interest expenses *(note 5)*	**11**	–
At the end of the year	**43,865**	–

16. CONVERTIBLE BONDS – GROUP AND COMPANY

In November 2007, the Company issued zero coupon convertible bonds ("CB1") in the principal amount of HK$365,000,000 as a part of the consideration for the acquisition of 51% equity interests in Kanson Development Limited ("Kanson"). CB1 bear no interest with a maturity date on 4 November 2012 and are convertible into shares of the Company at the conversion price of HK$0.60 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation, capitalisation issues and rights issues) at any time after the issue date. Details of CB1 are set out in the Company's circular dated on 15 October 2007.

In July 2008, the Company issued zero coupon convertible bonds ("CB3") in the principal amount of HK$580,000,000 as the consideration for the acquisition of the remaining 49% equity interests in Kanson. CB3 bear no interest with maturity date on 2 July 2013 and are convertible into shares of the Company at the conversion price of HK$0.25 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation, capitalisation issues and rights issues) at any time after the issue date. Details of CB3 are set out in the Company's circular dated on 6 June 2008.

According to the sale and purchase agreements dated on 5 November 2007 and 8 April 2008, another zero-coupon convertible bonds with face value of HK$400,000,000 ("CB2") and HK$380,780,000 ("CB4") will be issued on the fifth business day following the date of receipt of mining license in respect of the underlying mine. CB2 and CB4 are convertible into shares of the Company at the conversion price of HK$0.60 and HK$0.25 per share respectively. As the mining licence has not been obtained, CB2 and CB4 have not been issued and have not been recognised in the financial statements. As mentioned in notes 1 and 19, the exploration licence was transferred without the Company's knowledge, consent and approval. The Company is now seeking for the legal opinion on this.

The fair value of the liability components, included in CB1 and CB3, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in the convertible bond equity reserve in the owners' equity.

In August 2010, the Company issued zero coupon convertible bonds ("CB5") in the principal amount of HK$140,430,000 as a part of the consideration for the acquisition of the Sunlight Group. CB5 bear no interest with maturity date on 9 August 2020 and are convertible into shares of the Company at the conversion price of HK$0.093 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation, capitalisation issues and rights issues) at any time after the issue date. Any CB5 which remains outstanding on the maturity date shall be converted automatically into the shares of the Company. Details of CB5 are set out in the Company's circular dated on 28 June 2010.

In December 2010, the Company issued zero coupon convertible bonds ("CB6") in the principal amount of HK$526,880,000 as a part of the consideration for the acquisition of the China International Group. CB6 bear no interest with maturity date on 31 December 2015 and are convertible into shares of the Company at the conversion price of HK$0.08 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation, capitalisation issues and rights issues) at any time after the issue date. Any CB6 which remains outstanding on the maturity date shall be converted automatically into the shares of the Company. Details of CB6 are set out in the Company's circular dated on 11 October 2010.

As a part of the consideration for the acquisition of the China International Group, a zero coupon convertible bonds ("CB7") in the principal amount of HK$526,880,000 shall be issued upon the final and absolute dismissal, striking-out, withdrawal, discharge, release, settlement or discontinuance of the litigation. CB7 bear no interest with maturity date on 31 December 2015 and are convertible into shares of the Company at the conversion price of HK$0.08 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation, capitalisation issues and rights issues) at any time after the issue date. Any CB7 which remains outstanding on the maturity date shall be converted automatically into the shares of the Company.

The fair values of CB5, CB6 and CB7 were calculated using the income approach and are included in the convertible bond equity reserve in the owners' equity.

CB1, CB3, CB5, CB6 and CB7 recognised in the statement of financial position are calculated as follows:

	CB1	**CB3**	**CB5**	**CB6**	**CB7**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Face value of convertible bonds issued	365,000	580,000	140,430	526,880	526,880	2,139,190
Proceeds of issue (fair value on initial recognition)	365,467	363,506	174,178	342,557	342,557	1,588,265
Equity component	(189,421)	(103,438)	(174,178)	(342,557)	(342,557)	(1,152,151)
Liability component	176,046	260,068	–	–	–	436,114

Movement of liability component

Movement of liability component for the years ended 31 December 2010 and 2009 is as follows:

		2010			2009	
	CB1	**CB3**	**Total**	CB1	CB3	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
At the beginning of the year	**19,001**	**278**	**19,279**	88,414	104,248	192,662
Exercise of convertible bonds	**(1,140)**	**–**	**(1,140)**	(73,243)	(106,537)	(179,780)
Imputed interest expenses *(note 5)*	**2,114**	**39**	**2,153**	3,830	2,567	6,397
At the end of the year	**19,975**	**317**	**20,292**	19,001	278	19,279

Movement of equity component

Movement of equity component for the years ended 31 December 2010 and 2009 is as follows:

	CB1	**CB3**	**CB5**	**CB6**	**CB7**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2009	81,872	38,500	–	–	–	120,372
Issue of shares on conversion	(66,023)	(38,445)	–	–	–	(104,468)
At 31 December 2009 and 1 January 2010	15,849	55	–	–	–	15,904
Equity component upon initial recognition *(notes 18(a) and (b))*	–	–	174,178	342,557	342,557	859,292
Issue of shares upon conversion	(944)	–	(174,178)	–	–	(175,122)
At 31 December 2010	14,905	55	–	342,557	342,557	700,074

The fair value of the liability components of CB1 and CB3 at the dates of issue amounted to approximately HK$176 million and HK$260 million respectively.

Interest expense on the bonds is calculated using effective interest method by applying interest rate of 15.7% and 17.4% per annum to the liability components of CB1 and CB3 respectively.

During the year, none (2009: 209,000,000) and 3,543,000 (2009: 3,543,000) new ordinary shares in aggregate were issued, at the conversion price of HK$0.60 and HK$0.508 (as adjusted) per share respectively, to the bond holders upon the conversion of CB1. The conversion price was adjusted to HK$0.508 as a result of the open offer in 2009. As a result, there was an increase in share capital and share premium of HK$36,000 (2009: HK$2,125,000) (note 17(a)) and HK$2,048,000 (2009: HK$137,140,000) respectively.

For the year ended 31 December 2009, 862,000,000 new ordinary shares in aggregate were issued, at the conversion price of HK$0.25 per share, to the bond holders upon the conversion of CB3. As a result, there was an increase in share capital and share premium of HK$8,620,000 (note 17(b)) and HK$136,361,000 respectively for the year ended 31 December 2009. As a result of the open offer in 2009, the conversion price was adjusted to HK$0.212 subsequently.

During the year, 1,510,000,000 new ordinary shares in aggregate were issued, at the conversion price of HK$0.093 per share, to the bond holders upon the conversion of CB5 (note 17(c)). As a result, there was an increase in share capital and share premium of HK$15,100,000 and HK$159,078,000 respectively.

17. SHARE CAPITAL

		2010		2009	
	Notes	**Number of shares *'000***	***HK$'000***	Number of shares *'000*	*HK$'000*
Authorised:					
Ordinary shares of HK$0.01 each					
At 1 January		**20,000,000**	**200,000**	20,000,000	200,000
Increase in authorised ordinary shares	*(h)*	**30,000,000**	**300,000**	–	–
At 31 December		**50,000,000**	**500,000**	20,000,000	200,000
Issued and fully paid:					
At 1 January, ordinary shares of HK$0.01 each		**7,361,043**	**73,610**	3,024,720	30,247
Exercise of convertible bonds and issue of shares	*(a),(b) and (c)*	**1,513,543**	**15,136**	1,074,543	10,745
Shares issued in August 2009	*(d)*	**–**	**–**	809,280	8,093
Shares issued in October 2009	*(e)*	**–**	**–**	2,452,500	24,525
Shares issued in August 2010	*(f)*	**1,510,000**	**15,100**	–	–
Shares issued in December 2010	*(g)*	**3,078,000**	**30,780**	–	–
At 31 December, ordinary shares of HK$0.01 each		**13,462,586**	**134,626**	7,361,043	73,610

Notes:

(a) During the year, none (2009: 209,000,000) and 3,543,000 (2009: 3,543,000) new ordinary shares in aggregate were issued, at the conversion price of HK$0.60 and HK$0.508 (as adjusted) per share respectively, to the bond holders upon the conversion of CB1 (note 16). As a result, there was an increase in share capital and share premium of HK$36,000 (2009: HK$2,125,000) and HK$2,048,000 (2009: HK$137,140,000) respectively.

(b) For the year ended 31 December 2009, 862,000,000 new ordinary shares in aggregate were issued, at the conversion price of HK$0.25 per share, to the bond holders upon the conversion of CB3 (note 16). As a result, there was an increase in share capital and share premium of HK$8,620,000 and HK$136,361,000 respectively for the year ended 31 December 2009. During the year, no such share was issued.

(c) For the year ended 31 December 2010, 1,510,000,000 new ordinary shares in aggregate were issued, at the conversion price of HK$0.093 per share, to the bond holders upon the conversion of CB5 (note 16). As a result, there was an increase in share capital and share premium of HK$15,100,000 and HK$159,078,000 respectively.

(d) On 6 August 2009 and 10 August 2009, the Company entered into a placement agreement and a supplemental agreement respectively with Mayfair Securities Limited ("Mayfair Securities") as placing agent, pursuant to which an aggregate of 809,280,000 new ordinary shares were placed by Mayfair Securities on behalf of the Company, at the price of HK$0.137 per placing share with the independent investors. As a result, the Company issued 809,280,000 new ordinary shares at HK$0.137 per share on 20 August 2009. As a result, there was an increase in share capital and share premium of HK$8,093,000 and HK$102,779,000 respectively. Details of the placing are set out in the Company's announcements dated on 7 August, 10 August and 20 August 2009.

(e) On 25 August 2009, the Company entered into an underwriting agreement with Kingston Securities Limited relating to the open offer at the subscription price of HK$0.08 per offer share to its shareholders on the basis of one offer share for every two shares of the Company recorded on the register of members of the Company on 15 September 2009. As a result, the Company issued 2,452,500,000 new ordinary shares at HK$0.08 per share in October 2009. As a result, there was an increase in share capital and share premium of HK$24,525,000 and HK$171,675,000 respectively. Details of the open offer are set out in the Company's announcements dated on 26 August 2009 and 7 October 2009 and the Company's prospectus dated on 16 September 2009.

(f) On 10 August 2010, 1,510,000,000 new ordinary shares of HK$0.01 each were issued as part of the consideration for the acquisition of entire interests of Sunlight Rise, as detailed in note 18(a). As a result, there was an increase in share capital and share premium of HK$15,100,000 and HK$194,790,000 respectively.

(g) On 31 December 2010, 3,078,000,000 new ordinary shares of HK$0.01 each were issued as part of the consideration for the acquisition of entire interests of China International, as detailed in note 18(b). As a result, there was an increase in share capital and share premium of HK$30,780,000 and HK$230,850,000 respectively.

(h) By a special resolution dated 28 October 2010, the authorised share capital of the Company was increased from HK$200,000,000 divided into 20,000,000,000 ordinary shares of HK$0.01 each to HK$500,000,000 by the creation of a further 30,000,000,000 of HK$0.01 each ranking pari passu in all respects with the existing shares of the Company.

All issued new ordinary shares in 2009 and 2010 rank pari passu with other shares in issue in all respects.

18. BUSINESS COMBINATIONS

(a) The Sunlight Group

As described in note 1 to the financial statements, on 10 August 2010, the Group completed the acquisition of 100% equity interest in Sunlight Rise, in which Sunlight Rise 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 Lingshi") (i.e. the Sunlight Group) through the wholly-owned subsidiary of the Company, at the consideration comprising of cash of HK$70,000,000, the consideration shares with fair value of HK$209,890,000 and the convertible bonds with fair value of HK$174,178,000 (i.e. CB5 (note 16)). The principal activity of the Sunlight Group is the supply of electricity and heat. The acquisition was made as the Group intended to expand its existing business to generating and supplying electricity and heat in the PRC.

Details of net identifiable assets acquired and goodwill are as follows:

	2010
	HK$'000
Purchase consideration:	
– Cash	**70,000**
– Fair value of shares issued *(note 17(f))*	**209,890**
– Fair value of convertible bonds issued *(note 16)*	**174,178**
Total purchase consideration	**454,068**
Fair value of net identifiable assets acquired	**(130,702)**
Goodwill	**323,366**

The fair values of the identifiable assets and liabilities arising from the acquisition as at the date of acquisition and the corresponding carrying amounts immediately prior to the acquisition are as follows:

	Fair value *HK$'000*	Acquiree's carrying amount *HK$'000*
Property, plant and equipment	**305,844**	**305,844**
Prepaid land lease payments	**28,921**	**28,921**
Intangible assets *(note 11)*	**25,235**	**–**
Prepayments, deposits, other receivables and other assets	**40,781**	**40,781**
Inventories	**2,127**	**2,127**
Trade receivables	**11,024**	**11,024**
Pledged bank deposits	**915**	**915**
Cash at banks and in hand	**116,455**	**116,455**
Trade payables	**(15,916)**	**(15,916)**
Bank borrowings	**(31,922)**	**(31,922)**
Amounts due to non-controlling shareholder	**(75,448)**	**(75,448)**
Other payables, accruals and other liabilities	**(131,047)**	**(131,047)**
Deferred tax liabilities	**(6,309)**	**–**
Net assets	**270,660**	**251,734**
Non-controlling interests	**(139,958)**	
Net identified assets acquired	**130,702**	
Purchase consideration settled in cash in 2009		**(35,000)**
Cash at banks and in hand in the subsidiaries acquired		**116,455**
Cash inflow on acquisition		**81,455**

The goodwill arose in the acquisition because the cost of the business combination included intangible assets that do not qualify for separate recognition. No goodwill is expected to be deductible for tax purpose.

The fair value and the gross amount of trade and other receivables amount to HK$21,010,000. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

Transaction costs of HK$3,468,000 have been expensed and are included in administrative expenses.

The fair value of the shares issued was based on the published share price on the acquisition date. The fair value of convertible bonds was determined by the income approach.

The Group has elected to measure the non-controlling interests in this acquisition at proportionate share of the acquiree's identifiable net assets.

Since the acquisition, the Sunlight Group contributed revenue and the loss of HK$44,413,000 and HK$55,290,000 respectively to the Group for the year ended 31 December 2010.

Had the acquisition been taken place at 1 January 2010, the revenue and the loss of the Group for the year ended 31 December 2010 would have been approximately HK$105,006,000 and HK$3,726,000 respectively. The pro forma information was for illustrative purposes only and was not necessarily indicative of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2010 nor are they intended to be projection of future results.

(b) The China International Group

As described in note 1 to the financial statements, on 31 December 2010, the Group completed the acquisition of 100% equity interest in China International through the wholly-owned subsidiary of the Company, at the consideration comprising of cash of HK$150,000,000, the promissory notes with fair value of HK$43,854,000, the consideration shares with fair value of HK$261,630,000 and the convertible bonds with fair value of HK$685,114,000 (i.e. CB6 and CB7 (note 16)). The principal activity of the China International Group is oil production. The acquisition was made as the Group took initiative in identifying investment opportunities that will broaden the Group's revenue sources.

Details of net identifiable assets acquired and excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost are as follows:

	HK$'000
Purchase consideration:	
– Cash paid	**150,000**
– Fair value of promissory notes issued *(note 15)*	**43,854**
– Fair value of shares issued *(note 17(g))*	**261,630**
– Fair value of convertible bonds issued (i.e. CB6) *(note 16)*	**342,557**
– Fair value of convertible bonds (i.e. CB7) *(note 16 and note (i) below)*	**342,557**
Total purchase consideration	**1,140,598**
Fair value of net identifiable assets acquired	**(1,746,868)**
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	**606,270**

The fair values of the identifiable assets and liabilities arising from the acquisition as at the date of acquisition and the corresponding carrying amounts immediately prior to the acquisition are as follows:

	Fair value ***HK$'000***	**Acquiree's carrying amount** ***HK$'000***
Property, plant and equipment	**130,483**	**130,483**
Intangible assets *(note 11)*	**2,109,133**	**5,133**
Prepayments, deposits, other receivables and other assets	**18,769**	**18,769**
Indemnification assets	**5,000**	**–**
Trade receivables	**12,739**	**12,739**
Cash at banks and in hand	**80,117**	**80,117**
Deferred tax assets	**13,064**	**13,064**
Other payables, accruals and other liabilities	**(96,437)**	**(96,437)**
Deferred tax liabilities	**(526,000)**	**–**
Net identified assets acquired/Net assets	**1,746,868**	**163,868**
Purchase consideration settled in cash in 2009		**(150,000)**
Cash at banks and in hand in the subsidiaries acquired		**80,117**
Cash outflow on acquisition		**(69,883)**

Note:

(i) Pursuant to the sale and purchase agreement, CB7 shall be issued upon the final and absolute dismissal, striking-out, withdrawal, discharge, release, settlement or discontinuance of the litigation. As there is the undertaking of the indemnification of the litigation by the vendor, the whole CB7 is expected to be issued upon the final and absolute dismissal, striking-out, withdrawal, discharge, release, settlement or discontinuance of the litigation.

The excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost arose in the acquisition because the Group obtained some intangible assets arising from the business combination.

Indemnification assets of HK$5,000,000 were recognised as there is the undertaking of the indemnification of the litigation by the vendor. The amount was calculated based on the possible outcome of the litigation.

The fair value and the gross amount of trade and other receivables amount to HK$30,233,000. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

Transaction costs of HK$3,517,000 have been expensed and are included in administrative expenses.

The fair value of the shares issued was based on the published share price on the acquisition date. The fair value of convertible bonds was determined by the income approach. The fair value of promissory notes was calculated at the discounted borrowing rate of 8.99% per annum.

Since the acquisition, no revenue and results was contributed by the China International Group for the year ended 31 December 2010 as the acquisition was completed on 31 December 2010.

Had the acquisition been taken place at 1 January 2010, the revenue and the profit of the Group for the year ended 31 December 2010 would have been approximately HK$51,717,000 and HK$4,058,000 respectively. The pro forma information was for illustrative purposes only and was not necessarily indicative of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2010 nor are they intended to be projection of future results.

(c) An analysis of the net inflow of cash and cash equivalents in respect of the acquisitions of the above subsidiaries is as follows:

	HK$'000
Total consideration in cash paid in 2010	**–**
Cash at bank and in hand acquired	
– The Sunlight Group	**116,455**
– The China International Group	**80,117**
Net cash inflows in respect of the acquisitions of subsidiaries	**196,572**

There was no business combination occurred for the year ended 31 December 2009.

19. DE-CONSOLIDATING SUBSIDIARIES

As described in notes 1 and 8, the board of directors of the Company considers that the Group no longer has the power to exercise its rights as the shareholder and thus has lost control over the assets and operations and is unable to exercise control over the financial and operating policy decisions of QHFSMI and IMFSMI. As a consequence, the Group has been unable to obtain the financial information of QHFSMI and IMFSMI for the year ended 31 December 2010. The directors of the Company consider that the Group had lost its control to govern the financial and operating policies of QHFSMI and IMFSMI with effect from 1 January 2010. Accordingly, in the consolidated financial statements for the year ended 31 December 2010, the financial statements of QHFSMI and IMFSMI was de-consolidated with effect from 1 January 2010, and the loss arising from loss of controls over QHFSMI's and IMFSMI's assets amounting to HK$348,966,000 was recognised based on the latest available financial information of QHFSMI and IMFSMI as at 31 December 2009.

Details of net assets attributable to QHFSMI and IMFSMI as at 1 January 2010 are set out below:

	2010 ***HK$'000***
Net assets de-consolidated of:	
Property, plant and equipment	**3,578**
Exploration and evaluation assets	**38,562**
Prepayments, deposits and other receivables	**71**
Cash and cash equivalents	**75**
Deposits received, other payables and accruals	**(19,980)**
	22,306
Goodwill	**327,632**
	349,938
Release of exchange reserve on de-consolidating subsidiaries	**(972)**
Loss on de-consolidating subsidiaries *(note 8)*	**348,966**
Cash outflow on de-consolidating subsidiaries	**(75)**

BUSINESS REVIEW

For the year ended 31 December 2010, the Group recorded revenue from its continuing operations of approximately HK$46 million (2009: HK$10 million) and profit before income tax from its continuing operations was approximately HK$531 million (2009: a loss of HK$63 million (re-presented)). The profit before income tax of the Group from its continuing operations was substantially increased to approximately HK$594 million as compared to a loss of last year which included the recognition of a gain on bargain purchase of approximately HK$606 million and impairment loss of goodwill of approximately HK$49 million. Moreover, the discontinued operations recorded a loss of HK$349 million (2009: loss of approximately HK$370 million (re-presented)).

CARPET TRADING BUSINESS

Turnover of the carpet trading operation decreased by 88.3%, or HK$9.1 million, to HK$1.2 million in 2010, which was attributable to the global economic downturn and intense market competition and incurred a loss HK$2.0 million in trading of carpets business.

ELECTRICITY AND HEAT BUSINESS

In August 2010, the Company completed the acquisition of a total of 60% equity interest in Shanxi Zhong Kai Group Lingshi Heat and Power Company Limited ("Shanxi Zhong Kai Lingshi") which is engaged in the operation of a combined heat and electricity generation plant in Jinzhong City of Shanxi Province. The details are set out in the Company's circular dated 28 June 2010. During the year ended 31 December 2010, Shanxi Zhong Kai Lingshi recorded turnover of approximately HK$44.4 million and a profit of approximately HK$187,000 before impairment of goodwill and amortisation of intangible assets.

The market price of material costs has increased throughout the year of 2010, especially the coal stone price. Despite significant material costs increased, Shanxi Zhong Kai Lingshi recorded a profit of approximately HK$187,000 before impairment of goodwill and amortisation of intangible assets for the year. As the industry's tariff is administered by the PRC government and is relatively stable, the local government of Lingshi Country subsided Shanxi Zhong Kai Lingshi to compensate its loss arising from the rise in material prices for 2010.

In December 2010, Shanxi Zhong Kai Lingshi acquired a newly constructed boiler 58MW and ancillary facilities. The details of the transaction are set out in the Company's announcement dated 19 November 2010. The new boiler facilities will generate approximately 200,000GJ of heat per annum. In order to prompt energy saving and emission reduction, a new desulphurization system is installed in Shanxi Zhong Kai Lingshi. With the new desulphurisation facilities, Shanxi Zhong Kai Lingshi can reduce sulphur dioxide emission by approximately 180 tons.

OIL BUSINESS

The Company completed the acquisition of China International Energy Investments (Hong Kong) Limited ("China International") on 31 December 2010. Pursuant to a cooperation contract entered into between China Era Energy Power Investment Limited ("China Era"), a wholly-owned subsidiary of China International, and China National Petroleum Corporation ("CNPC") dated 13 August 2007, China International through China Era has been operating the business of oil exploration, development, production and other related activities (the "Petroleum Business") in respect of an oil field of the Lower Cretaceous System Quantou Formation Third Member Yangdachengzi Layer which is situate at Liangjing Block of Songliao Basin at Jilin Province of the PRC ("Target Oil Field"). For further details, please refer to the Company's circular dated 11 October 2010.

China Era made great efforts to develop its oil field, organised its production activities properly, steadily put in efforts to stabilise and raise the daily production per well and took all practical measures to lay a firm foundation for oil field development, commenced overall maintenance projects for water injections wells, took various measures to stabilise and increase production capacity and to improve the conditions of wells with low productions.

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 Qinghai Forest Source Mining Industry Developing Company Limited ("QHFSMI"), an indirect wholly-owned subsidiary of the Company incorporated in the People's Republic of China ("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 Xian Hong Shan Yuen Xian Mining Industry Company Limited), which is wholly-owned by Ms. Margaret Lai Ching LEUNG beneficially through a company known as Yuenxian Mining Industry Holding Company Limited, 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.

Upon taking the advice from the legal advisers and legal counsel of the Company, the Company will take further legal action in the PRC and continue to seek advice from its PRC legal advisers. 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

Shanxi Zhong Kai Lingshi is closely monitoring the progress of the urbanisation plan in Lingshi County. It is estimated that the area of heat supply network in Lingshi County will not be extended in 2011 and therefore, no further boilers will be constructed this year. We will continue to work with the Central Heat Transmit Station of Lingshi Country for the provision of heat supply services in Lingshi County.

The rising coal stone prices as well as increasingly stringent environmental requirements may continue to impact on the growth of the power generation business. The management will take steps to ensure that Shanxi Zhong Kai Lingshi will continue to improve environmental performance and enhance efficiency and productivity in order to achieve strong operating performance and maintain high quality electricity and heat supply services.

(ii) Oil business

In 2011, the global economy is expected to revive more notably and China's economy continues to bloom. Despite of numerous uncertainties including the fluctuations of US dollars and regional political uncertainties especially in Northern Africa and speculative activities, China's economy is expected to maintain a rapid growth and demand in crude oil and refined products markets is expected to rise accordingly.

In the coming year, the Company will continue with a high level of exploration and production activities, aiming to increase its production capacity and reserves. The Company will continue to place great emphasis on its scientific and geological researches, increased efforts to make breakthroughs on key techniques, strengthened the meticulous exploration of mature oil field, actively pushed forward venture exploration in Target Oil Field.

In the meantime, various measures will be deployed for the maintenance of wells in Target Oil Field, including stabilising and controlling the production rate of aged wells, and implementing the maintenance project for water injections wells. As the key personnel for the operation of Petroleum Business will be retained despite the completion of acquisition, the operation of Petroleum Business shall continue in a substantially same way.

The Company will drill around 41 more production wells in the year of 2011. These 41 new wells are expected to contribute to the estimated increase of annual oil production of approximately 13,700 metric tonnes during the year of 2011. Taking into accounts also the production capacity of other existing wells and facilities, it is estimated that the annual oil production of the Target Oil Field in 2011 will be approximately 30,000 metric tonnes (equivalent to 219,420 barrels of oil).

FINANCIAL SUMMARY

The Group's revenue for the year ended 31 December 2010 was approximately HK$46 million. The administrative expenses for the year ended 31 December 2010 were approximately HK$22 million, which represented an increase of 29.9% compared to the administrative expenses incurred last year.

The profit attributable to the owners of the Company for the year ended 31 December 2010 was approximately HK$185 million, as compared to a loss of HK$432 million in the previous corresponding year. The profit was mainly resulted from the recognition of a gain on bargain purchase of approximately HK$606 million which set off (i) the impairment loss in goodwill approximately HK$49 million and (ii) loss of de-consolidating subsidiaries in discontinued operations of approximately HK$349 million.

As a significant portion of the Group's sales and purchases were denominated in Hong Kong dollars and Renminbi, the Directors considered the Group has no significant exposure to foreign exchange fluctuations in view of the stability of the exchange rates of Hong Kong dollars and Renminbi. During the year under review, the Group did not use any hedging instrument.

CURRENT AND GEARING RATIOS

As at 31 December 2010, the Group had total assets of approximately HK$3,176 million (2009: HK$670 million), total liabilities of approximately HK$883 million (2009: HK$42 million), indicating a gearing ratio of 0.28 (2009: 0.06) on the basis of total liabilities over total assets. The current ratio of the Group for the year was 1.16 (2009: 5.09).

CHARGES ON ASSETS

As at 31 December 2010, the Group had interest-bearing bank borrowings approximately of HK$33 million and pledged bank deposits of HK$945,000 (2009: Nil).

CONTINGENT LIABILITIES

As at 31 December 2010, the Group did not have any significant contingent liabilities (2009: Nil).

EMPLOYEE INFORMATION

As at 31 December 2010, the Group employed approximately 517 full-time employees (2009: 31). The substantial increase in number of employees is mainly due to the acquisition of heat and electricity business and oil business. The details are set out in note 18 to the financial statements. 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.

DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2010 (2009: Nil).

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.

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 2010. The audit committee comprises the three independent non-executive directors of the Company. During the year, two regular meetings of the audit committee have been held.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules for the year ended 31 December 2010 except that (i) the non-executive directors of the Company are not appointed for any specific terms as they are subject to retirement by rotation and re-election at annual general meetings in accordance with the provisions of the Company's Articles of Association; and (ii) the roles of chairman and chief executive officer do not separate as the Company is still looking for a suitable candidate to fill the vacancy of chairman after the retirement of Mr. Tam Owen at the 2009 annual general meeting of the Company. Further announcement will be made by the Company upon fulfillment of this requirement under the Listing Rules.

COMPLIANCE WITH MODEL CODE

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 2010.

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.irasia.com/listco/hk/eih). The annual report of the Company for 2010 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
Law Fei Shing
Chief Executive Officer and Executive Director

Hong Kong, 28 March 2011

As at the date of this announcement, the executive Directors are Mr. Law Fei Shing (chief executive officer), Mr. Chan Sung Wai, Mr. Chan Kwok Wing, Mr. Wang Donghai, Ms. Wang Meiyan and Mr. Yang Guangming; and the independent non-executive Directors are Mr. Lum Pak Sum, Mr. Sun Tak Keung and Mr. Chow Pui Fung.