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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 2011 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 2011 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2011

	Notes	**2011** ***HK$'000***	2010 *HK$'000* (Re-presented)
Continuing operations:			
Revenue	*4*	**231,388**	44,413
Cost of sales		**(203,160)**	(45,851)
Gross profit/(loss)		**28,228**	(1,438)
Other income	*4*	**53,180**	9,035
Excess of acquirer's interest in net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost		**–**	606,270
Selling and distribution expenses		**(7,352)**	–
Administrative expenses		**(29,819)**	(20,288)
Other operating expenses		**(32,281)**	(6,715)
Impairment loss recognised in respect of goodwill		**(64,674)**	(49,064)
Finance costs	*6*	**(13,096)**	(5,229)
(Loss)/profit before income tax	*7*	**(65,814)**	532,571
Income tax credit		**1,881**	1,457
(Loss)/profit for the year from continuing operations		**(63,933)**	534,028
Discontinued operations:			
Loss for the year from discontinued operations	*9*	**(1,457)**	(350,988)
(Loss)/profit for the year		**(65,390)**	183,040

* *For identification purpose only*

	Notes	2011 HK$'000	2010 HK$'000 (Re-presented)
(Loss)/profit for the year attributable to:			
Owners of the Company			
– from continuing operations		**(60,293)**	535,875
– from discontinued operations		**(1,457)**	(350,988)
		(61,750)	184,887
Non-controlling interests			
– from continuing operations		**(3,640)**	(1,847)
– from discontinued operations		**–**	–
		(3,640)	(1,847)
(Loss)/profit for the year		**(65,390)**	183,040
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company during the year	*10*		
– Basic			
From continuing and discontinued operations		**(HK cent 0.3)**	HK cents 2.3
From continuing operations		**(HK cent 0.3)**	HK cents 6.6
From discontinued operations		**–**	(HK cents 4.3)
– Diluted			
From continuing and discontinued operations		**N/A**	HK cents 2.1
From continuing operations		**N/A**	HK cents 6.2
From discontinued operations		**N/A**	(HK cents 4.1)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011	2010
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(65,390)**	183,040
Other comprehensive income		
Exchange gains on translation of financial statements of foreign operations	**13,795**	10,553
Release of exchange reserve upon de-consolidating subsidiaries	**–**	(972)
Other comprehensive income for the year	**13,795**	9,581
Total comprehensive income for the year	**(51,595)**	192,621
Total comprehensive income attributable to:		
Owners of the Company	**(52,815)**	190,247
Non-controlling interests	**1,220**	2,374
	(51,595)	192,621

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**604,657**	510,460
Prepaid land lease payments		**29,876**	29,569
Goodwill		**209,628**	274,302
Intangible assets		**2,096,843**	2,127,962
Deferred tax assets		**7,491**	13,064
		2,948,495	2,955,357
Current assets			
Indemnification assets		**14,040**	5,000
Inventories		**15,570**	4,800
Trade receivables	*11*	**31,326**	16,617
Prepayments, deposits and other receivables		**37,982**	40,614
Amount due from non-controlling shareholder		**–**	6,080
Pledged bank deposits		**976**	945
Cash at banks and in hand		**97,325**	146,135
Tax prepaid		**–**	34
		197,219	220,225
Current liabilities			
Trade payables	*12*	**12,017**	18,851
Other payables and accruals		**147,230**	124,687
Amount due to non-controlling shareholder		**4,074**	11,570
Provision for legal claim		**14,040**	5,000
Bank borrowings		**12,200**	21,133
Other borrowings		**2,196**	8,394
Convertible bonds		**14,129**	–
Tax payable		**2**	–
		205,888	189,635
Net current (liabilities)/assets		**(8,669)**	30,590
Total assets less current liabilities		**2,939,826**	2,985,947
Non-current liabilities			
Amount due to non-controlling shareholder		**8,401**	–
Bank borrowings		**–**	11,806
Other borrowings		**113,652**	87,010
Promissory notes		**28,707**	43,865
Convertible bonds		**355**	20,292
Deferred tax liabilities		**522,891**	530,707
		674,006	693,680
Net assets		**2,265,820**	2,292,267

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	2011	2010
	HK$'000	*HK$'000*
EQUITY		
Equity attributable to the owners of the Company		
Share capital	**134,827**	134,626
Reserves	**1,980,446**	2,015,309
	2,115,273	2,149,935
Non-controlling interests	**150,547**	142,332
Total equity	**2,265,820**	2,292,267

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

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, Central, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

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

– the oil production representing the business of oil production.

Trading of carpet business was ceased during the year as this business had suffered persistent losses and management of the Company considered that there was insignificant contribution to the Group. This business segment is presented as discontinued operations in accordance with Hong Kong Financial Reporting Standard ("HKFRS") 5 for the year ended 31 December 2011. Certain comparatives on the consolidated income statement, the consolidated statement of cash flows and the related notes have been re-presented as a result of the retrospective application of HKFRS 5.

Other than the discontinued operations 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 People's Republic of China (the "PRC").

2. BASIS OF PREPARATION

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

(i) Going concern basis

The financial statements have been prepared on a going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding that the Group suffered a loss of HK$65,390,000 (2010: a profit of HK$183,040,000) for the year and had net current liabilities of HK$8,669,000 (2010: net current assets of HK$30,590,000) as at 31 December 2011. The going concern basis has been adopted on the bases that:

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

(b) In December 2011, the Group entered into the transfer of loan agreement with the bank and one of the non-controlling shareholder of a subsidiary, under which all parties agreed that the bank loan of RMB10,000,000 (approximately HK$12,200,000) was unconditionally assigned from the Group to this non-controlling shareholder. The assignment of the bank loan was completed after the reporting date.

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

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

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

In 2010, the board of directors discovered that as from 31 January 2010, the exploration licence held by QHFSMI, an indirect 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 Company was advised that:

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

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

Disputes with Ms Leung

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

(a) An injunction restraining, amongst others, HK Yuenxian and Ms Leung from carrying on business in Hong Kong and/or the PRC under the name of Forest Source Mining Industry Holding Company Limited (subsequently known as 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 the PRC subsidiaries remained unchanged during the year in the absence of her cooperation

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

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

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

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

(iii) De-consolidating QHFSMI and IMFSMI

The Group has been unable to obtain the financial information of QHFSMI and IMFSMI since 2010. The directors of the Company consider that the Group had lost its control to govern the financial and operating policies of 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.

3. ADOPTION OF NEW/REVISED 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 2011:

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures

Except as explained below, the adoption of these new/revised standards and interpretations has no material impact on the Group's financial statements.

HKFRS 3 (Amendments) – Business Combinations

As part of the Improvements to HKFRSs issued in 2010, HKFRS 3 has been amended to clarify that the option to measure non-controlling interests ("NCI") at either fair value or the NCI's proportionate share in the recognised amounts of the acquiree's identifiable net assets is limited to instruments that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of NCI are measured at their acquisition date fair value unless another measurement basis is required by HKFRSs. The Group has amended its accounting policies for measuring NCI but the adoption of the amendment has had no impact on the Group's financial statements as there is no business acquisition for the year.

HKAS 24 (Revised) – Related Party Disclosures

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has reassessed the identification of its related parties in accordance with the revised definition and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous years.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

At the date of authorisation of these financial statements, certain new and 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 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.

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

The standard is effective for accounting periods beginning on or after 1 July 2012. The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

HKFRS 9 – Financial Instruments

The standard is effective for accounting periods beginning on or after 1 January 2015 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.

HKFRS 10 – Consolidated Financial Statements

The standard is effective for accounting periods beginning on or after 1 January 2013 and introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 11 – Joint Arrangements

The standard is effective for accounting periods beginning on or after 1 January 2013. Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply equity method of accounting. HKFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31. HKFRS 11 will be applied retrospectively with specific restatement requirements for a joint venture which changes from proportionate consolidation to the equity method and a joint operation which changes from equity method to accounting for assets and liabilities.

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.

4. 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:

	2011 *HK$'000*	2010 *HK$'000* (Re-presented)
Revenue on continuing operations		
Sale of electricity and heat	**103,844**	44,413
Sale of crude oil	**127,544**	–
	231,388	44,413
Other income on continuing operations		
Bank interest income	**352**	121
Exchange gain, net	**2,983**	–
Gain on disposal of property, plant and equipment	**360**	–
Government grants *(note)*	**37,115**	5,561
Gain on extinguishment of non-current borrowings	**12,198**	–
Sundry income	**172**	3,353
	53,180	9,035

Note:

Government grants

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

Turnover of the Group for the year is HK$231,388,000 (2010: HK$45,620,000).

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

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

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

There was no inter-segment sale and transfer during the year (2010: Nil).

	Supply of Electricity and Heat		**Oil Production**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Re-presented)		(Re-presented)		(Re-presented)
Reportable segment revenue:						
From external customers	**103,844**	44,413	**127,544**	–	**231,388**	44,413
Reportable segment (loss)/profit	**(72,537)**	(46,082)	**30,594**	606,270	**(41,943)**	560,188
Bank interest income	**227**	47	**122**	–	**349**	47
Gain on extinguishment of non-current borrowings	**1,838**	–	**10,360**	–	**12,198**	–
Depreciation	**28,430**	9,723	**19,114**	–	**47,544**	9,723
Amortisation of prepaid land lease payments	**668**	269	**–**	–	**668**	269
Amortisation of intangible assets	**16,459**	6,406	**15,822**	–	**32,281**	6,406
Impairment loss on goodwill	**64,674**	49,064	**–**	–	**64,674**	49,064
Excess of acquirer's interest in net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	**–**	–	**–**	606,270	**–**	606,270
Reportable segment assets	**696,669**	787,534	**2,441,802**	2,369,306	**3,138,471**	3,156,840
Additions to non-current segment assets during the year	**4,606**	757,690	**121,339**	2,239,616	**125,945**	2,997,306
Reportable segment liabilities	**110,704**	157,404	**688,599**	622,372	**799,303**	779,776

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

Group	**2011** ***HK$'000***	2010 *HK$'000* (Re-presented)
Reportable segment revenue	**231,388**	44,413
Consolidated revenue	**231,388**	44,413
Reportable segment (loss)/profit	**(41,943)**	560,188
Finance costs	**(13,096)**	(5,229)
Other unallocated income	**3**	73
Other unallocated expenses	**(10,778)**	(22,461)
(Loss)/profit before income tax and discontinued operations	**(65,814)**	532,571

	2011 ***HK$'000***	2010 *HK$'000* (Re-presented)
Reportable segment assets	**3,138,471**	3,156,840
Property, plant and equipment	**316**	447
Cash at banks and in hand	**5,599**	16,688
Other corporate assets	**1,328**	1,607
Group assets	**3,145,714**	3,175,582
Reportable segment liabilities	**799,303**	779,776
Convertible bonds	**14,484**	20,292
Promissory notes	**28,707**	43,865
Other corporate liabilities	**37,400**	39,382
Group liabilities	**879,894**	883,315

All revenues from external customers are located in the PRC (domicile). Geographical location of customers is based on the location at which the goods 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:

	2011 ***HK$'000***	2010 *HK$'000* (Re-presented)
Customer A *(note a)*	**127,544**	–
Customer B *(note b)*	**24,058**	7,863
Customer C *(note b)*	**–**	10,380
Customer D *(note b)*	**–**	10,050
Customer E *(note b)*	**–**	5,611
	151,602	33,904

Notes:

(a) Revenue from this customer was derived from the Oil Production segment.

(b) Revenue from these customers was derived from the Supply of Electricity and Heat segment.

6. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank and other borrowings due within one year	**6,011**	3,065
Imputed interest on promissory notes	**2,459**	11
Imputed interest on convertible bonds	**1,851**	2,153
Imputed interest on non-current borrowings	**392**	–
Loss on redemption of promissory notes	**2,383**	–
	13,096	5,229

7. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2011	2010
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Cost of inventories recognised as expense	**66,245**	19,332
Depreciation	**47,649**	9,838
Amortisation of prepaid land lease payments	**668**	269
Amortisation of intangible assets *	**32,281**	6,406
Auditor's remuneration	**954**	700
Exchange (gain)/loss, net	**(2,983)**	381
Impairment loss of goodwill	**64,674**	49,064
Loss on disposals of property, plant and equipment *	**–**	269
Operating lease charges on land and buildings	**2,536**	741
Provision for impairment loss of other receivables *	**–**	39
Staff costs, including directors' emoluments	**25,528**	7,705

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

Depreciation expenses of HK$43,225,000 (2010: HK$9,337,000) and HK$4,424,000 (2010: HK$501,000 (re-presented)) were included in cost of sales and administrative expenses respectively.

8. **DIVIDENDS**

The board of directors did not recommend any payment of dividends during the year (2010: Nil).

9. **DISCONTINUED OPERATIONS**

As mentioned in note 1, trading of carpet business is presented as discontinued operations in accordance with HKFRS 5 during the year.

An analysis of the results of discontinued operations included in the consolidated income statement was as follows:

	2011	2010		
	Trading of Carpet Business	Trading of Carpet Business	Exploration of Mine Business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		(Re-presented)	(Re-presented)	(Re-presented)
Revenue	**–**	1,207	–	1,207
Expenses	**(1,457)**	(3,229)	–	(3,229)
Loss before income tax	**(1,457)**	(2,022)	–	(2,022)
Income tax expense	**–**	–	–	–
	(1,457)	(2,022)	–	(2,022)
Loss on de-consolidating subsidiaries	**–**	–	(348,966)	(348,966)
Loss for the year from discontinued operations and attributable to the owners of the Company	**(1,457)**	(2,022)	(348,966)	(350,988)

10. **(LOSS)/EARNINGS PER SHARE**

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

	2011	2010
	HK$'000	*HK$'000*
		(Re-presented)
(Loss)/profit for the year attributable to the owners of the Company for the purpose of basic (loss)/earnings per share	**(61,750)**	184,887
Loss for the year attributable to the owners of the Company from discontinued operations	**(1,457)**	(350,988)
(Loss)/profit for the year attributable to the owners of the Company for the purpose of basic (loss)/earnings per share from continuing operations	**(60,293)**	535,875
Effect of dilutive potential ordinary shares:		
– Imputed interest on convertible bonds	**–**	2,153
(Loss)/profit for the year attributable to the owners of the Company for the purpose of diluted (loss)/earnings per share from continuing operations	**(60,293)**	538,028

	2011	2010
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**20,055,353**	8,139,726
Effect of dilutive potential ordinary shares:		
– Convertible bonds	**–**	519,097
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**20,055,353**	8,658,823

From continuing and discontinued operations:

The calculation of basic loss per share from continuing and discontinued operations is based on the loss attributable to the owners of the Company of HK$61,750,000 (2010: a profit of HK$184,887,000) and the weighted average number of ordinary shares of 20,055,353,000 (2010: 8,139,726,000) in issue during the year.

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 2011 as there were no dilutive potential shares.

For the year ended 31 December 2010, 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 ended 31 December 2010, 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 basic earnings per share plus interest of HK$2,153,000 derived from convertible bonds. The weighted average number of ordinary shares used in diluted earnings per share is calculated based on the weighted average of 8,139,726,000 ordinary shares in issue during the year ended 31 December 2010 as used in the 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 (loss)/earnings per share.

From continuing operations:

The calculation of basic loss per share from continuing operations is based on the loss attributable to the owners of the Company of HK$60,293,000 (2010: a profit of HK$535,875,000 (re-presented)) and the weighted average number of ordinary shares of 20,055,353,000 (2010: 8,139,726,000) in issue during the year.

No diluted loss per share from continuing operations attributable to the owners of the Company is presented for the year ended 31 December 2011 as there were no dilutive potential shares.

For the year ended 31 December 2010, the calculation of basic earnings per share from continuing operations is based on the profit attributable to the owners of the Company of HK$535,875,000 (re-presented) and the weighted average number of ordinary shares of 8,139,726,000 in issue during the year ended 31 December 2010. The calculation of diluted earnings per share is based on the adjusted profit attributable to the owners of the Company of HK$538,028,000 (re-presented) and the weighted average number of ordinary shares of 8,658,823,000 outstanding during the year ended 31 December 2010, 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$535,875,000 (re-presented) as used in the basic earnings per share plus interest of HK$2,153,000 derived from 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 ended 31 December 2010 as used in the 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 (loss)/earnings per share.

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$1,457,000 (2010: HK$350,988,000 (re-presented)) and the weighted average number of ordinary shares of 20,055,353,000 (2010: 8,139,726,000) in issue during the year.

No diluted loss per share from discontinued operations attributable to the owners of the Company is presented for the year ended 31 December 2011 as there were no dilutive potential shares.

For the year ended 31 December 2010, the calculation of basic loss per share from discontinued operations is based on the loss attributable to the owners of the Company of HK$350,988,000 (re-presented) and the weighted average number of ordinary shares of 8,139,726,000 in issue during the year ended 31 December 2010. The calculation of diluted loss per share is based on the loss attributable to the owners of the Company of HK$348,835,000 (re-presented) and the weighted average number of ordinary shares of 8,658,823,000 outstanding during the year ended 31 December 2010, 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$350,988,000 (re-presented) 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 ended 31 December 2010 as used in the 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.

11. TRADE RECEIVABLES

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. Trade receivables are non-interest-bearing.

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

	2011	2010
	HK$'000	*HK$'000*
1 – 90 days	**31,326**	16,158
121 – 365 days	**–**	459
	31,326	16,617

As at 31 December 2011 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:

	2011	2010
	HK$'000	*HK$'000*
210 – 240 days past due but not impaired	**–**	459

As at 31 December 2011, trade receivables of HK$31,326,000 (2010: HK$16,158,000) were neither past due nor impaired. These related to different customers for whom there was no recent history of default.

12. TRADE PAYABLES

Trade payables 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:

	2011	2010
	HK$'000	*HK$'000*
1 – 90 days	**6,436**	12,679
91 – 120 days	**474**	3,324
121 – 365 days	**2,907**	626
Over 1 year	**2,200**	2,222
	12,017	18,851

BUSINESS REVIEW

For the year ended 31 December 2011, the Group recorded revenue from its continuing operations of approximately HK$231 million (2010: HK$44 million (re-presented)) and loss before income tax from its continuing operations was approximately HK$66 million (2010: a profit of HK$533 million (re-presented)). It was mainly due to the absence of the gain from excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of approximately HK$606 million which were recorded in the last year and impairment loss of goodwill of approximately HK$65 million during the year. Moreover, the discontinued operations recorded a loss of approximately HK$1 million (2010: loss of HK$351 million (re-presented)).

CARPET TRADING BUSINESS

The market environment of carpet trading continued to be extremely competitive. During the year, no revenue (2010: HK$1 million) is recorded by the Group and incurred a loss of approximately HK$1 million (2010: HK$2 million) in carpet trading business. The Board decided to cease this segment of operation.

ELECTRICITY AND HEAT BUSINESS

The Group acquired a 60% interest of Shanxi Zhong Kai Group Lingshi Heat and Power Company Limited ("**Shanxi Zhong Kai Lingshi**") in August 2010. Year 2011 was the first full-year of its operation to be consolidated into the Group.

During the year ended 31 December 2011, Shanxi Zhong Kai Lingshi generated sales revenue of approximately HK$103.8 million. It reported a profit of approximately HK$6.9 million before (i) impairment loss on goodwill of approximately HK$64.7 million (ii) amortisation of intangible assets of approximately HK$16.5 million (iii) gain on extinguishment of non-current borrowings of approximately HK$1.8 million, and (iv) finance costs of approximately HK$5 million.

In 2011, the unfavourable situation for coal-fired power generation enterprises remained unchanged because of rising coal prices and rigid electricity tariff controls in the market. During the year, high coal prices which led to increase in production cost significantly outpaced the modest increase in selling price of electricity. Subsequent to the on-grid tariff adjustment announced by the National Development and Reform Commission ("**NDRC**") in June 2011, in order to ease the coal-electricity pricing inconsistency and to ensure stability of the electricity supply, the NDRC further announced the electricity tariff adjustment in December 2011. The new tariff increase was effective from 1 December 2011 and the financial impact of such tariff adjustment would be reflected in 2012.

Shanxi Zhong Kai Lingshi, being the only central heat source/supplier in Lingshi county, maintains a close relationship with the local government of Lingshi county. We renewed the heat supply agreement with the Central Heat Transmit Station for the period from November 2011 to March 2012 with terms materially the same as those of last winter period. During the year, in addition to the heat revenue of approximately HK$23 million, we received aggregate government grants of approximately HK$37 million for the heat business.

The management will continue to review our collaboration with the local government for the heat supply in Lingshi county to ensure that our heat business remains commercially sound.

OIL BUSINESS

In 2011, the global economy continues to show signs of volatility as concerns over the sovereign debt crisis in Europe, linger and a spate of mixed economic data points to slowing recovery in the United States. Despite of numerous uncertainties including the fluctuations of United States dollars and regional political uncertainties especially in Northern Africa and speculative activities, the PRC's economy is expected to maintain a rapid growth and demand in crude oil and refined products markets is expected to rise accordingly.

The results of operations and costs incurred in oil business are detailed below. In the second half of 2011, over 40,000 metric tonnes of crude oil was produced from the oil field and met the requirement under the cooperation contract entered into between China National Petroleum Corporation and China Era Energy Power Investment Limited on 13 August 2007 for proceeding to the production period. Thus, the production period was commenced in 2011 and the production period will continue for 20 years. The management expects that the oil business will continue to generate revenue and contribute profit to the Group in the year of 2012.

(a) Results of operations

	Year ended 31 December	
	2011	2010
	HK$'000	*HK$'000*
Net sales to customers	**127,544**	–
Other income	**13,465**	–
Operating expenses	**(65,264)**	–
Depreciation	**(19,114)**	–
Special petroleum revenue tax	**(26,037)**	–
Result of operations before income tax expenses	**30,594**	–

(b) Costs incurred in oil exploration and development

	Year ended 31 December	
	2011	2010
	HK$'000	*HK$'000*
Exploration costs	**–**	–
Development costs	**139,045**	–
Total costs incurred	**139,045**	–

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 incorporated 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 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

In pursuit of a more environmentally friendly economy, the PRC government released an outline of the 12th Five-Year Plan on environmental protection in December 2011. It sets new goals for major pollutants reduction between 2011 and 2015, such as sewage treatment, desulfurization and denitrification. Shanxi Zhong Kai Lingshi will endeavor to strengthen its efforts on environmental protection measures and to enhance energy efficiency. In 2012, we will commence the construction work of sewage treatment zero-emission project. During the 12th Five-Year Plan, we will strive to achieve the remaining new emission standards by enhancing our environmental protection facilities on our coal-fired power generating units.

In December 2011, the NDRC announced a substantial nationwide increases in tariff together with caps on spot coal prices. We anticipate that these measures can mitigate the impact of high coal prices in 2012.

With the trend of high coal prices and tighter government's environmental protection policies, the challenges that we face in 2012 are mainly to (i) maintain a tight control on production costs; and (ii) meet the new emission standards requirement. We have taken initiatives in strengthening internal control and enhancing production and operation efficiency, thereby improving financial performance of the electricity and heat business.

(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 oil field.

In the meantime, various measures will be deployed for the maintenance of wells in 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 Group will drill around 192 more production wells in the year of 2012. These 192 new wells are expected to contribute to the oil production during the year of 2012. Taking into accounts the production capacity of other existing wells and facilities, 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 Songliao Basin at Jilin Province of the PRC in 2012 will be approximately 156,000 metric tonnes (equivalent to 1,144,000 barrels of oil).

FINANCIAL SUMMARY

The Group's revenue for the year ended 31 December 2011 was approximately HK$231 million. The administrative expenses for the year ended 31 December 2011 were approximately HK$30 million, which represented an increase of 47% compared to the administrative expenses incurred last year.

The loss attributable to the owners of the Company for the year ended 31 December 2011 was approximately HK$62 million, as compared to a profit of approximately HK$185 million in the previous corresponding year. The loss was mainly resulted from the absence of the gain from excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of approximately HK$606 million and the impairment loss in goodwill approximately HK$65 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 2011, the Group had total assets of approximately HK$3,146 million (2010: HK$3,176 million), total liabilities of approximately HK$880 million (2010: HK$883 million), indicating a gearing ratio of 0.28 (2010: 0.28) on the basis of total liabilities over total assets. The current ratio of the Group for the year was 0.96 (2010: 1.16) on basis of current assets over current liabilities.

CHARGES ON ASSETS

As at 31 December 2011, the Group had interest-bearing bank borrowings of approximately HK$12 million (2010: HK$33 million) and pledged bank deposits of approximately HK$976,000 (2010: HK$945,000).

CONTINGENT LIABILITIES

As at 31 December 2011, the Group did not have any significant contingent liabilities (2010: Nil).

EMPLOYEE INFORMATION

As at 31 December 2011, the Group employed approximately 450 full-time employees (2010: 517). 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 2011 (2010: 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 2011. The audit committee comprises the two 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 2011 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 and the chief executive officer 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. With effect from 1 January 2012, following the resignation of Mr. Sun Tak Keung, the number of independent non-executive directors fall below the minimum number required under the Rules governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

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 2011.

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 2011 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
Luo Nianru
Executive Director

Hong Kong, 29 March 2012

As at the date of this announcement, the executive Directors are Mr. Luo Nianru, Mr. Chan Kwok Wing, Mr. Wang Donghai, Ms. Wang Meiyan and Mr. Yang Guangming; and the independent non-executive Directors are Mr. Choi Chi Fai and Mr. Wang Jinghua.