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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2012

The Board of Directors (the "**Board**") of Energy International Investments Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated interim financial statements of the Company and its subsidiaries (collectively known as the "**Group**") for the six months ended 30 June 2012. The unaudited consolidated interim financial statements were not audited but have been reviewed by the Company's audit committee (the "**Audit Committee**").

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

		(Unaudited)	
		Six months ended 30 June	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
Continuing operations:			
Revenue	*4*	**145,920**	101,981
Cost of sales		**(140,522)**	(79,695)
Gross profit		**5,398**	22,286
Other income	*4*	**39,240**	3,213
Selling and distribution expenses		**(4,525)**	(968)
Administrative expenses		**(14,913)**	(13,973)
Other operating expenses		**(19,733)**	(18,491)
Finance costs	*6*	**(5,221)**	(5,402)
Profit/(loss) before income tax	*7*	**246**	(13,335)
Income tax (expense)/credit	*8*	**(3,285)**	1,037
Loss after income tax from continuing operations		**(3,039)**	(12,298)
Discontinued operations:			
Loss for the period	*10*	**–**	(1,045)
Loss for the period		**(3,039)**	(13,343)

* *For identification purpose only*

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

	Notes	(Unaudited) Six months ended 30 June 2012 HK$'000	2011 HK$'000
Loss for the period attributable to:			
Owners of the Company			
– from continuing operations		**(3,170)**	(8,954)
– from discontinued operations		**–**	(1,045)
		(3,170)	(9,999)
Non-controlling interests			
– from continuing operations		**131**	(3,344)
– from discontinued operations		**–**	–
		131	(3,344)
Loss for the period		**(3,039)**	(13,343)
Loss per share for loss attributable to the owners of the Company during the period	*11*		
– Basic ***(HK cents)***			
From continuing and discontinued operations		**(0.02)**	(0.07)
From continuing operations		**(0.02)**	(0.06)
From discontinued operations		**–**	(0.01)
– Diluted ***(HK cents)***			
From continuing and discontinued operations		**N/A**	N/A
From continuing operations		**N/A**	N/A
From discontinued operations		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		(Unaudited) Six months ended 30 June	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
Loss for the period		**(3,039)**	(13,343)
Other comprehensive income for the period			
Exchange (loss)/gain on translation of financial statements of foreign operations		**(3,993)**	3,157
Other comprehensive income for the period		**(3,993)**	3,157
Total comprehensive income for the period		**(7,032)**	(10,186)
Total comprehensive income attributable to:			
Owners of the Company		**(5,827)**	(7,918)
Non-controlling interests		**(1,205)**	(2,268)
		(7,032)	(10,186)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	(Unaudited) 30 June 2012 HK$'000	(Audited) 31 December 2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**593,145**	604,657
Prepaid land lease payments		**29,294**	29,876
Goodwill		**209,628**	209,628
Intangible assets		**2,083,756**	2,096,843
Deferred tax assets		**3,936**	7,491
		2,919,759	2,948,495
Current assets			
Indemnification assets		**–**	14,040
Inventories		**1,238**	15,570
Trade receivables	*12*	**54,432**	31,326
Prepayments, deposits and other receivables		**50,962**	37,982
Pledged bank deposits		**978**	976
Cash at banks and in hand		**75,913**	97,325
		183,523	197,219
Current liabilities			
Trade payables	*13*	**20,931**	12,017
Other payables and accruals		**135,508**	147,230
Amount due to non-controlling shareholder		**3,437**	4,074
Provision for legal claim		**–**	14,040
Bank borrowings		**–**	12,200
Other borrowings		**37,149**	2,196
Convertible bonds		**15,237**	14,129
Tax payables		**2,951**	2
		215,213	205,888
Net current (liabilities)		**(31,690)**	(8,669)
Total assets less current liabilities		**2,888,069**	2,939,826
Non-current liabilities			
Amount due to non-controlling shareholder		**14,347**	8,401
Other borrowings		**52,751**	113,652
Promissory notes		**29,961**	28,707
Convertible bonds		**386**	355
Deferred tax liabilities		**519,636**	522,891
		617,081	674,006
Net assets		**2,270,988**	2,265,820

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2012

	Notes	**(Unaudited) 30 June 2012** ***HK$'000***	(Audited) 31 December 2011 *HK$'000*
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**137,227**	134,827
Reserves		**1,979,539**	1,980,446
		2,116,766	2,115,273
Non-controlling interests		**154,222**	150,547
Total equity		**2,270,988**	2,265,820

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2012

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 Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, British West Indies and its principal place of business is Unit 1508, 15th Floor, The Center, 99 Queen's Road Central, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group ceased its trading of carpets business during the year ended 31 December 2011 and the related segment information was classified as discontinued operation for the period ended 30 June 2012. Accordingly, the comparative consolidated statement of comprehensive income and related notes for the six months ended 30 June 2011 have been re-presented.

The principal activity of the Company is investment holding. 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.

2. BASIS OF PREPARATION

These unaudited consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (the "HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of 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$3,039,000 for the period and had net current liabilities of HK$31,690,000 (31 December 2011: net current liabilities of HK$8,669,000) as at 30 June 2012. 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) The directors are negotiating with certain suppliers and lenders of other borrowings to delay the repayment of certain other payables and borrowings, respectively. The directors are confident that the counterparties would agree on the revised repayment timetable so as to ease the pressure of short term repayment pressure.

(c) The performance of the Group is improving and the loss for current period was significantly decreased by 77% compared to same period last year. The directors are confident that the Group performance would continue to improve.

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 the assets of Qinghai Forest Source Mining Industry Developing Company Limited ("QHFSMI ") and Inner Mongolia Forest Source Mining Industry Developing Company Limited ("IMFSMI")

During the year of 2010, the board of directors (the "Board"), discovered that as from 31 January 2010, the exploration licence held by QHFSMI, an indirect wholly-owned subsidiary of the Group established 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 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 period 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 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 neighboring 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. Principal accounting policies

These unaudited consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011. The accounting policies and methods of computation used in the preparation of these unaudited consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2011 with addition for the following amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which have become effective.

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets.
Amendments to HKAS12	Deferred Tax – Recovery of Underlying Assets.

The adoption of the new and revised HKFRSs had no material impact on the unaudited consolidated financial statements of the Group for the current and prior accounting period.

The Group has not early adopted the new and revised standards, amendments and interpretations that have been issued but are not yet effective.

The Group is in the process of assessing the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in change in the future as to how the results and financial position are prepared and presented.

4. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents net invoiced value of sales of oil and supply of electricity and heat attributable to the interests of the Group.

An analysis of the Group's revenue and other income are as follows:

	(Unaudited) Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Revenue		
Sale of oil	**89,279**	51,932
Supply of electricity and heat	**56,641**	50,049
	145,920	101,981
Other income		
Bank interest income	**173**	144
Sundry income	**166**	148
Gain on disposals of property, plant and equipment	**26**	182
Exchange gains, net	**–**	886
Government grants	**38,875**	1,853
	39,240	3,213

5. SEGMENT INFORMATION

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the chief operating decision maker (i.e. the Board of Directors) 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 the chief operating decision maker 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 six months period ended 30 June 2012 (six months ended 30 June 2011: Nil).

The trading of carpets business was discontinued for the year ended 31 December 2011, the comparative information for this business for the six months ended 30 June 2011 was classified as discontinued operations.

	Continuing operations						**Discontinued operations**	
	Supply of Electricity and Heat (Unaudited) Six months ended 30 June		**Oil Production (Unaudited) Six months ended 30 June**		**Total (Unaudited) Six months ended 30 June**		**Trading of Carpets (Unaudited) Six months ended 30 June**	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue:								
From external customers	**56,641**	50,049	**89,279**	51,932	**145,920**	101,981	**–**	–
Reportable segment (loss)/profit	**(474)**	(7,799)	**8,863**	7,934	**8,389**	135	**–**	(1,045)
Bank interest income	**131**	91	**42**	51	**173**	142	**–**	–
Depreciation	**14,478**	13,602	**9,655**	7,040	**24,133**	20,642	**–**	3
Amortisation of prepaid land lease payments	**339**	328	**–**	–	**339**	328	**–**	–
Amortisation of intangible assets	**3,343**	8,092	**9,678**	8,016	**13,021**	16,108	**–**	–
Reportable segment assets	**686,253**	759,173	**2,409,527**	2,349,619	**3,095,780**	3,108,792	**–**	326
Additions to non-current segment assets during the period	**704**	36	**18,773**	14,538	**19,477**	14,574	**–**	–
Reportable segment liabilities	**91,070**	134,712	**658,040**	613,095	**749,110**	747,807	**–**	5

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:

	(Unaudited) Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Continuing operations:		
Reportable segment profit	**8,389**	135
Finance costs	**(3,077)**	(5,402)
Other unallocated income	**–**	2
Other unallocated expenses	**(5,066)**	(8,070)
Profit/(loss) before income tax	**246**	(13,335)
Discontinued operations:		
Loss before income tax for discontinued operations	**–**	(1,045)

	(Unaudited)	(Audited)
	30 June	31 December
	2012	2011
	HK$'000	*HK$'000*
Reportable segment assets	**3,095,780**	3,138,471
Property, plant and equipment	**263**	316
Cash at banks and in hand	**6,023**	5,599
Other corporate assets	**1,216**	1,328
Group assets	**3,103,282**	3,145,714
Reportable segment liabilities	**749,110**	799,303
Convertible bonds	**15,623**	14,484
Promissory notes	**29,961**	28,707
Other corporate liabilities	**37,600**	37,400
Group liabilities	**832,294**	879,894

6. FINANCE COSTS

	(Unaudited) Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Interest on bank and other borrowings due within five years	**2,821**	3,105
Imputed interest on promissory notes	**1,254**	1,262
Imputed interest on convertible bonds	**1,138**	1,035
Bank charge	**8**	–
	5,221	5,402

7. PROFIT/(LOSS) BEFORE INCOME TAX

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

	(Unaudited) Continuing operations Six months ended 30 June		(Unaudited) Discontinued operations Six months ended 30 June		(Unaudited) Consolidated Six months ended 30 June	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Charging:						
Cost of inventories recognised as expense	**61,792**	19,434	**–**	–	**61,792**	19,434
Depreciation*	**24,185**	20,695	**–**	3	**24,185**	20,698
Amortisation of prepaid land lease payments	**339**	328	**–**	–	**339**	328
Amortisation of intangible assets**	**13,022**	16,108	**–**	–	**13,022**	16,108
Operating lease charges on land and buildings	**1,108**	1,551	**–**	345	**1,108**	1,896
Staff costs, including directors' emoluments	**11,905**	11,096	**–**	611	**11,905**	11,707
Loss on early redemption of promissory notes**	**–**	2,383	**–**	–	**–**	2,383

* *Depreciation expenses of approximately HK$22,042,000 (six months ended 30 June 2011: HK$18,561,000) and approximately HK$2,143,000 (six months ended 30 June 2011: HK$2,137,000) were included in cost of sales and administrative expenses respectively.*

** *These items included in "Other operating expenses" on the face of the consolidated income statement.*

8. INCOME TAX EXPENSE/(CREDIT)

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

	(Unaudited) Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Current tax – the PRC	**3,018**	80
Deferred tax – the PRC	**267**	(1,117)
Income tax expense/(credit)	**3,285**	(1,037)

Income tax of subsidiaries of the Company in the PRC, is subject to PRC enterprise income tax at the tax rate of 25% for the six months ended 30 June 2012.

9. DIVIDEND

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

10. DISCONTINUED OPERATIONS

The trading of carpets business for the period ended 30 June 2011 is presented as discontinued operations in accordance with HKFRS 5.

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

	(Unaudited) Six months ended 30 June 2011 Trading of carpets *HK$'000*
Revenue	–
Other income	–
Expenses	(1,045)
	(1,045)
Income tax expense	–
Loss for the period from discontinued operations	(1,045)

11. LOSS PER SHARE

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

	(Unaudited) Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Loss		
Loss for the period attributable to the owners of the Company from continuing operations for the purpose of basic loss per share	**(3,170)**	8,954
Loss for the period attributable to the owners of the Company from discontinued operations for the purpose of basic loss per share	**–**	1,045
Loss for the period attributable to the owners of the Company for the purpose of basic loss per share	**(3,170)**	9,999

	(Unaudited) Six months ended 30 June	
	2012	2011
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**20,068,665**	13,462,586

No diluted loss per share for the six months ended 30 June 2012 and 2011 was presented as the potential ordinary shares on convertible bonds were anti-dilutive.

12. TRADE RECEIVABLES

The Group normally allows trading credit terms ranging from 30 to 90 days to its established customers. Each customer has a maximum credit limit. Trade debtors with balances aged over 90 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:

	(Unaudited) **30 June** **2012** ***HK$'000***	(Audited) 31 December 2011 *HK$'000*
1 – 90 days	**47,854**	31,326
91 – 365 days	**6,578**	–
	54,432	31,326

At 30 June 2012 and 31 December 2011, there were no trade receivables that were individually determined to be impaired. The Group did not hold any collateral over these balances.

13. 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:

	(Unaudited) **30 June** **2012** ***HK$'000***	(Audited) 31 December 2011 *HK$'000*
1 – 90 days	**7,475**	6,436
91 – 365 days	**7,580**	3,381
Over 1 year	**5,876**	2,200
	20,931	12,017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

For the six months ended 30 June 2012 (the "Period"), the Group's revenue was approximately HK$146 million (six months ended 30 June 2011: HK$102 million). The Group's revenue is mainly contributed from the supply of electricity and heat segment and oil production segment.

The loss for the period ended 30 June 2012 was approximately HK$3 million (six months ended 30 June 2011: HK$13 million). The loss of the Group was substantially decreased by approximately HK$10 million as compared to the corresponding period of last year due to increase in government grants in the supply of electricity and heat segment business and tight cost control leading to the decrease in administration expenses.

Electricity and heat business

For the six months ended 30 June 2012, Shanxi Zhong Kai Group Lingshi Heat and Power Company Limited ("Shanxi Zhong Kai Lingshi"), in which the Company owns a 60% equity interest, generated turnover of approximately HK$57 million (six months ended 30 June 2011: HK$50 million) , an increase of approximately 14% as compared to the same period last year. The increase in turnover was mainly due to the carry over effect of the upward tariff adjustments as announced by the National Development and Reform Commission in the months of June and December 2011.

Shanxi Zhong Kai Lingshi recorded a loss of approximately HK$0.5 million (six months ended 30 June 2011: HK$8 million). The decrease in loss was mainly due to the increase in revenue as a result of the carry over effect of the electricity tariff adjustments in the months of June and December 2011.

In the first half of 2012, Shanxi Zhong Kai Lingshi focused on improving operational efficiency and strengthening its environmental protection facilities. During the period under review, it commenced the construction work of sewage treatment with an aim of achieving zero-emissions.

Finance costs decreased from HK$2.5 million in the first half of 2011 to HK$1 million in the first half of 2012. It was mainly due to the repayment and assignment of interest-bearing borrowings during 2011 and the first half of 2012. In the first quarter of 2012, a bank loan in the amount of RMB10 million was unconditionally assigned to a non-controlling shareholder. The loan was waived by the non-controlling shareholder and then credited to capital reserves in equity accordingly.

In the remainder of 2012, we strive to renew the heat supply contract with the Central Heat Transmit Station of Lingshi County, the local government authority, for the new winter season this year. The management will review our collaboration with the Central Heat Transmit Station of Lingshi County for the heat supply services to ensure that our heat supply business remains cost effective and commercially sound.

Due to the global economic crisis, the Chinese economy showed signs of slowdown during the first half of 2012. This unfavorable economic climate will create a challenging operating environment for our electricity and heat business. Going forward, we remain cautious about the prevailing uncertain economic condition. The management will continue to take measures to improve productivity in order to mitigate the impact of the unfavorable economic conditions.

Oil business

In 2012, 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 stable 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. The management expect that the oil business will continue to generate revenue and contribute profit to the Group in the second half of 2012.

(a) Results of operations

	(Unaudited) Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Net sales to customers	**89,279**	51,932
Other income	**42**	937
Operating expenses	**(57,071)**	(18,514)
Depreciation	**(9,655)**	(15,056)
Special petroleum revenue tax	**(13,732)**	(11,365)
Result of operations before income tax expenses	**8,863**	7,934

(b) Costs incurred in oil exploration and development

	(Unaudited) Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Exploration costs	**–**	–
Development costs	**12,150**	13,038
Total costs incurred	**12,150**	13,038

In the coming year, the Group will continue exploration and production activities, aiming to increase its production capacity and reserves. On the other hand, the Group will also continue to improve extraction techniques in order to increase the overall efficiency. The Group will continue to place great emphasis on its scientific and geological researches, increase efforts to make breakthroughs on key techniques, strengthen the meticulous exploration of mature oil field, actively push forward venture exploration in oil field.

The production wells drilled in last year begin to contribute to the revenue generation. The revenue for current period amounted to HK$89 million, an increase of 72% compared to same period in last year.

In the meantime, various measures will be deployed for the maintenance of wells in the oil field, including stabilizing and controlling the production rate of aged wells, and implementing the maintenance project for water injections wells.

FUTURE PLAN AND PROSPECTS

The management believes that the businesses of electricity and heat and oil production will strengthen the Company and creates the value for our shareholders. The management will continue to maximize value from inherent potential of the Group's existing assets.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2012, the net assets value of the Group is approximately HK$2,271 million (31 December 2011: HK$2,266 million) and the total cash and bank balance is approximately HK$76 million (31 December 2011: HK$97 million). As at 30 June 2012, the Group had total current assets of approximately HK$184 million (31 December 2011: HK$197 million) and total current liabilities of approximately HK$215 million (31 December 2011: HK$206 million).

CURRENT AND GEARING RATIO

As at 30 June 2012, the Group had total assets of approximately HK$3,103 million (31 December 2011: HK$3,146 million), total liabilities of approximately HK$832 million (31 December 2011: HK$880 million), indicating a gearing ratio of 0.27 (31 December 2011: 0.28) on the basis of total liabilities over total assets. The current ratio of the Group for the Period was 0.86 (31 December 2011: 0.96).

FOREIGN CURRENCY EXPOSURE

The Group's sales and purchases are denominated in Renminbi and United States dollars. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and does not consider its foreign exchange risk to be significant.

CHARGES ON ASSETS

As at 30 June 2012, the Group did not have interest-bearing bank borrowings (31 December 2011: HK$12 million) and had pledged bank deposits of approximately HK$1 million (31 December 2011: HK$1 million).

CONTINGENT LIABILITIES

As at 30 June 2012, the Group did not have any significant contingent liabilities (31 December 2011: Nil).

EMPLOYEE INFORMATION

As at 30 June 2012, the Group employed approximately 390 full-time employees (As at 30 June 2011: 436). 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.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: 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 Period.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company and the Board have applied the principles in the code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules on the Stock Exchange by adopting the code provisions of the Code.

During the six months ended 30 June 2012, the Board has adopted and complied with the code provisions of the Code in so far they are applicable with the exception of the deviation from the code provision A.2.1 (i.e. the vacancy of chairman of the Company). Since the position of chairman is vacated, the Company is still looking for a suitable candidate to fill the vacancy of chairman and further announcement will be made by the Company upon fulfillment of this requirement under the Listing Rules.

The code provision E.1.2 stipulates that the chairman of the Board shall attend the annual general meeting of the Company. Due to the vacancy of chairman of the Company, Ms. Wang Meiyan (executive director of the Company) chaired the annual general meeting of the Company held on 7 June 2012. This constitutes a deviation from the code provision E.1.2 of the Code.

The code provision A.4.1 stipulates that the non-executive directors should be appointed for a specific term, subject to re-election.

All the independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the provisions of the Bye-law of the Company, and the appointment will be reviewed when they are due for re-election.

The Board will review the management structure of the Group from time to time and will adopt appropriate measures as may be desirable for future development of the operating activities or business of the Group.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors, all directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2012.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements of the Code for the purposes of reviewing the Group's financial reporting process and internal controls. The Audit Committee comprises the three independent non-executive directors of the Company. The members of the Audit Committee have reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 June 2012 and are of the opinion that such statements comply the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is available for viewing on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.energyintl.todayir.com/en/index.php). The interim report of the Company for 2012 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 staffs for their contribution to the Company.

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

Hong Kong, 27 August 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, Mr. Wang Jinghua and Mr. Chan Wai Cheung Admiral.