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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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

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 2014. 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 2014

		(Unaudited) Six months ended 30 June	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
Revenue	4	**123,531**	159,378
Cost of sales		**(110,717)**	(135,602)
Gross profit		**12,814**	23,776
Other income	4	**4,282**	7,782
Selling and distribution expenses		**(1,865)**	(8,622)
Administrative expenses		**(17,240)**	(15,458)
Other operating expenses		**(6,329)**	(6,962)
Finance costs	6	**(5,496)**	(1,848)
Loss before income tax	7	**(13,834)**	(1,332)
Income tax expense	8	**(5,360)**	(7,987)
Loss for the period		**(19,194)**	(9,319)

* *For identification purpose only*

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2014

	Notes	(Unaudited) Six months ended 30 June **2014** ***HK$'000***	2013 *HK$'000*
Loss for the period attributable to:			
Owners of the Company		**(13,140)**	(5,147)
Non-controlling interests		**(6,054)**	(4,172)
Loss for the period		**(19,194)**	(9,319)
Loss per share for loss attributable to the owners of the Company for the period	10		
– Basic		**(HK cents 0.05)**	(HK cents 0.02)
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	(Unaudited) Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Loss for the period	**(19,194)**	(9,319)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange (loss)/gain on translation of financial statements of foreign operations	**(13,973)**	12,470
Other comprehensive income for the period	**(13,973)**	12,470
Total comprehensive income for the period	**(33,167)**	3,151
Total comprehensive income attributable to:		
Owners of the Company	**(23,600)**	4,799
Non-controlling interests	**(9,567)**	(1,648)
	(33,167)	3,151

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	(Unaudited) 30 June 2014 HK$'000	(Audited) 31 December 2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**534,772**	577,313
Prepaid land lease payments		**28,409**	29,687
Goodwill		**62,662**	62,662
Intangible assets		**1,415,146**	1,421,645
Deferred tax assets		**17,449**	21,228
		2,058,438	2,112,535
Current assets			
Inventories		**4,262**	1,525
Trade and bills receivables	11	**48,693**	49,789
Prepayments, deposits and other receivables		**7,679**	10,522
Pledged bank deposits		**995**	1,027
Cash at banks and in hand		**128,379**	90,121
		190,008	152,984
Current liabilities			
Trade payables	12	**34,700**	27,211
Other payables and accruals		**90,468**	114,965
Amount due to non-controlling shareholder		**11,808**	116
Bank borrowings		**43,050**	44,450
Other borrowings		**48,000**	37,603
Tax payables		**13,533**	10,926
		241,559	235,271
Net current liabilities		**(51,551)**	(82,287)
Total assets less current liabilities		**2,006,887**	2,030,248

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	(Unaudited) 30 June 2014 HK$'000	(Audited) 31 December 2013 HK$'000
Non-current liabilities			
Other borrowings		**54,884**	81,103
Deferred tax liabilities		**360,384**	361,962
		415,268	443,065
Net assets		**1,591,619**	1,587,183
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**184,708**	174,708
Reserves		**1,304,702**	1,300,699
		1,489,410	1,475,407
Non-controlling interests		**102,209**	111,776
Total equity		**1,591,619**	1,587,183

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. GENERAL INFORMATION

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

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 as at 30 June 2014, the Group had net current liabilities of HK$51,551,000 (31 December 2013: HK$82,287,000) and suffered a loss of HK$19,194,000 (six months ended 30 June 2013: HK$9,319,000) for the period. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharges their liabilities in the normal course of business. The going concern basis has been adopted on the bases that:

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

(b) In January 2014, one of the subsidiaries of the Company obtained a banking facilities of Renminbi ("RMB") 80,000,000 (equivalent to approximately HK$98,400,000) from a bank in the People's Republic of China (the "PRC"). The revolving loan is secured by the trade receivables of this subsidiary and is used for the operation of this subsidiary solely.

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

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

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

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

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

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

Disputes with Ms Leung

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

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

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

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

Ms Leung's legal status as director and legal representative in QHFSMI and IMFSMI remained unchanged during the 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 Group's legal advisers, the exploration licence was transferred, without the Company's knowledge, consent or approval, to Yuen Xian Company on 31 January 2010. Such actions by Ms Leung were not expected in view of the interim injunction order obtained by the Company from the Hong Kong Court, details of which are set out in the sub-paragraph headed "Disputes with Ms Leung" above. Without the exploration licence, QHFSMI no longer has the rights to, among other things, carry out exploration of the mineral resources of the titanium mine, access to the titanium mine and neighboring areas and has no priority in obtaining the mining rights of the titanium mine.

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

(iii) ***De-consolidating QHFSMI and IMFSMI***

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

In February 2012, the Group filed a writ to the Intermediate People's Court in Xining City, Qinghai Province (the "Qinghai Court") against Yuen Xian Company and QHFSMI for the request to invalidite the transfer of the exploration licence from QHFSMI to Yuen Xian Company at a consideration of RMB8,000,000 (the "Change of Exploration Right Agreement") and return the exploration licence to QHFSMI. On 31 December 2012, the Qinghai Court issued an order (the "Qinghai Court Order") that the Change of Exploration Right Agreement was invalid. In January 2013, Ms. Leung made an appeal to the Higher People's Court of Qinghai Province (the "Higher Court"). In September 2013, the Higher Court issued a second judgement (the "Second Judgement") that quashed the Qinghai Court Order. HKFSMIH lodged an appeal to the Higher Court. In June 2014, the Higher Court ruled (i) instructing the Higher Court retrial the case; and (ii) as the period retrial, suspend to the execution of the Second Judgement.

In the opinion of the directors, the aforesaid legal proceedings will have no material impact on the financial position and operations of the Group as the Group still does not have any power over QHFSMI and IMFSMI which had already been de-consolidated since 2010.

3. 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 2013. Except as described below, the accounting policies and methods of computation used in the unaudited consolidated interim financial statements are the same as those followed in the preparation of the annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has adopted the following new and revised HKFRSs, which are effective on 1 January 2014.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The adoption of the new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

Impact of issued but not yet effective HKFRSs

The Group has not applied the following new and revised HKFRSs, which have been issued but are not yet effective, in these interim financial statements:

Amendment to HKFRSs	Annual Improvement to HKFRSs 2010-2012 Cycle[1]
Amendment to HKFRSs	Annual Improvement to HKFRSs 2011-2013 Cycle[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
HKFRS 9	Financial Instruments[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operation[3]
HKFRS 14	Regulatory Deferral Account[3]
HKFRS 15	Revenue from Contracts with Customers[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKAS 19	Defined Benefit Plans – Employee Contributions[1]

[1] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

[2] Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

[3] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

[4] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application.

4. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents net invoiced value of sale of crude 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	
	2014	2013
	HK$'000	*HK$'000*
Revenue		
Sale of crude oil	**53,109**	87,202
Supply of electricity and heat	**70,422**	72,176
	123,531	159,378
Other income		
Bank interest income	**37**	130
Exchange gains, net	**–**	1,520
Gain on disposals of property, plant and equipment	**54**	–
Government grants	**3,468**	5,783
Sundry income	**723**	349
	4,282	7,782

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 2014 (six months ended 30 June 2013: Nil).

	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	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue:						
From external customers	**70,422**	72,176	**53,109**	87,202	**123,531**	159,378
Reportable segment (loss)/profit	**(11,859)**	(10,429)	**8,473**	11,927	**(3,386)**	1,498
Bank interest income	**13**	78	**23**	52	**36**	130
Depreciation	**14,723**	13,927	**8,761**	9,399	**23,484**	23,326
Amortisation of prepaid land lease payments	**342**	348	**–**	–	**342**	348
Amortisation of intangible assets	**–**	–	**6,329**	6,962	**6,329**	6,962
Reportable segment assets	**495,304**	607,115	**1,689,923**	2,092,348	**2,185,227**	2,699,463
Additions to non-current segment assets during the period	**294**	1,323	**2,087**	5,008	**2,381**	6,331
Reportable segment liabilities	**116,971**	80,540	**475,632**	592,754	**592,603**	673,294

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	
	2014	2013
	HK$'000	*HK$'000*
Reportable segment (loss)/profit	**(3,386)**	1,498
Finance costs	**(5,496)**	(864)
Elimination of inter-companies' transaction	**–**	1,250
Other unallocated income	**1**	–
Other unallocated expenses	**(4,953)**	(3,216)
Loss before income tax	**(13,834)**	(1,332)

	(Unaudited)	(Audited)
	30 June	31 December
	2014	2013
	HK$'000	*HK$'000*
Reportable segment assets	**2,185,227**	2,247,024
Property, plant and equipment	**73**	119
Cash at banks and in hand	**62,437**	18,221
Other corporate assets	**709**	155
Group assets	**2,248,446**	2,265,519
Reportable segment liabilities	**592,603**	625,335
Other corporate liabilities	**64,224**	53,001
Group liabilities	**656,827**	678,336

6. FINANCE COSTS

	(Unaudited) Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Interest on bank and other borrowings due within one year	**2,638**	869
Imputed interest on convertible bonds	**–**	18
Imputed interest on non-current borrowings	**2,853**	954
Bank charge	**5**	7
	5,496	1,848

7. LOSS BEFORE INCOME TAX

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

	(Unaudited) Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Cost of inventories recognised as expense	**55,688**	57,728
Depreciation*	**23,537**	23,379
Amortisation of prepaid land lease payments	**342**	348
Amortisation of intangible assets**	**6,329**	6,962
Operating lease charges on land and buildings	**1,026**	3,255
Staff costs, including directors' emoluments	**14,151**	12,588

* *Depreciation expenses of approximately HK$21,246,000 (six months ended 30 June 2013: HK$20,834,000) and approximately HK$2,291,000 (six months ended 30 June 2013: HK$2,545,000) were included in cost of sales and administrative expenses respectively.*

** *This item is included in "Other operating expenses" on the face of the consolidated income statement.*

8. INCOME TAX EXPENSE

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	
	2014	2013
	HK$'000	*HK$'000*
Current tax – the PRC	**3,001**	3,762
Deferred tax – the PRC	**2,359**	4,225
Income tax expense	**5,360**	7,987

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 2014.

9. DIVIDEND

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

10. LOSS PER SHARE

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

	(Unaudited) Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Loss		
Loss for the period attributable to the owners of the Company for the purpose of basic loss per share	**(13,140)**	(5,147)

	(Unaudited) Six months ended 30 June	
	2014	2013
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**26,839,663**	26,690,492

No diluted loss per share for the six months ended 30 June 2014 and 2013 was presented as the potential ordinary shares on convertible bonds were anti-dilutive.

11. TRADE AND BILLS RECEIVABLES

The Group normally allows trading credit terms ranging from 30 to 120 days (2013: 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 and bills receivables are non-interest bearing.

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

	(Unaudited) 30 June 2014	(Audited) 31 December 2013
	HK$'000	*HK$'000*
1 – 90 days	**36,164**	49,678
91 – 120 days	**8,253**	–
121 – 365 days	**4,276**	84
Over 365 days	**–**	27
	48,693	49,789

At 30 June 2014 and 31 December 2013, there were no trade and bills receivables that were individually determined to be impaired. The Group did not hold any collateral over these balances.

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:

	(Unaudited) **30 June** **2014** ***HK$'000***	(Audited) 31 December 2013 *HK$'000*
1 – 90 days	**10,021**	22,912
91 – 120 days	**10,264**	217
121 – 365 days	**14,244**	3,483
Over 1 year	**171**	599
	34,700	27,211

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

For the six months ended 30 June 2014 (the "**Period**"), Energy International Investments Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") record revenue was approximately HK$124 million (six months ended 30 June 2013: HK$159 million). The Group's revenue is mainly contributed from the supply of electricity and heat segment and oil production segment.

The loss attributable to the owners of the Company for the period ended 30 June 2014 was approximately HK$13 million (six months ended 30 June 2013: HK$5 million). The loss of the Group increased by approximately HK$8 million as compared to the last corresponding period.

Electricity and heat business

For the six months ended 30 June 2014, Shanxi Zhong Kai Group Lingshi Heat and Power Company Limited ("**Shanxi Zhong Kai Group Lingshi**"), in which the Group owns a 60% equity interest, generated revenue of approximately HK$70 million (six months ended 30 June 2013: HK$72 million), a decrease of approximately 3% as compared to the last corresponding period. The decrease in revenue was mainly due to the decrease in electricity consumption by customers.

Shanxi Zhong Kai Group Lingshi recorded a loss of approximately HK$12 million (six months ended 30 June 2013: HK$10 million). The increase in loss was mainly due to the decrease in subsidy provided by Central Heat Transmit Station of Lingshi County ("**CHTS**"), the local government authority, and increase in bank loan interest.

We strive to renew the heat supply contract with CHTS for the winter season this year. The management will review our collaboration with CHTS for the heat supply services to ensure that our heat supply business remains cost effective and commercially sound.

The plant is facing the challenges on tighter requirement of emission reduction and implement of new standard of pollutant emissions. In addition, the growth rate of China's economy has slowed down, our customers which were mainly manufacturers consumed less electricity. Facing the challenges, the Company will speed up the progress of optimising business structure and improving its environmental protection facilities.

Oil business

In the first half of 2014, the demand in the petroleum market remain weak. In the face of the complicated and harsh economic environment, the Group focused on the quality and efficiency of its growth and maintained steady production and operations as a whole.

According to our original planning, we expected that for the year 2014 we will be able to drill 20 more production wells and extract approximately 33,000 metric tonnes of oil. However, the drilling and extraction schedule was delayed during the Period due to certain unexpected circumstances. For the six months period ended 30 June 2014, we have extracted 11,537 metric tonnes (six months ended 30 June 2013: 19,339 metric tonnes).

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

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

In the first half of 2014, oil production of the Group achieved a turnover of approximately HK$53 million (six months ended 30 June 2013: HK$87 million), representing a decrease of 39% as compared with last corresponding period. The reportable segment results of oil production in the first half of 2014 recorded a profit of approximately HK$8 million (six months ended 30 June 2013: HK$12 million), representing a decrease of 33% as compared with last corresponding period. This was primarily due to the decrease in extraction of oil. The poor weather in the site location during the first half of 2014 affected the operational efficiency for the oil transportation. The management are negotiating with the local authority and residents to improve the road condition for transportation. The management expect that the oil business will continue to generate revenue and contribute profit to the Group in the second half of 2014.

The results from operations and costs incurred in oil business are detailed as below.

Results from operations

	(Unaudited) Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Net sales to customers	**53,109**	87,202
Other income	**59**	1,589
Operating expenses	**(29,396)**	(55,478)
Depreciation	**(8,761)**	(9,339)
Special petroleum revenue tax	**(6,538)**	(12,047)
Results from operations before income tax expense	**8,473**	11,927

In the second half of 2014, 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.

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

Information of oil field and oil reserves

China Era Energy Power Investment Limited ("**China Era**"), an indirect wholly-owned subsidiary, and CNPC entered into the cooperation contract on 13 August 2007 (the "**Cooperation Contract**") in Liangjing Block of Songliao Basin in Jilin Province of the People's Republic of China (the "**PRC**"). Pursuant to the Cooperation Contract, China Era agreed to provide funds and apply its appropriate and advanced technology (including, but not limited to, the advanced well-drilling technique which is practiced and adopted in foreign oil fields and which may substantially increase the production capacity of the wells, the advanced geological analysis practice and advanced managerial practices as adopted by foreign oil fields) and managerial experience to cooperate with CNPC for the development and production of petroleum resources within the relevant contract area.

The objective of the Cooperation Contract is to develop the petroleum discovery with proved commercial value within the relevant contract area and to produce the petroleum to arrive at the cooperative targets expected by CNPC and China Era. China Era shall apply its appropriate and advanced technology and managerial experience and assign its competent experts to perform the petroleum operations. During the performance of the petroleum operations, China Era shall transfer its technology to the CNPC personnel and provide training to such CNPC personnel. China Era shall bear all costs required for the evaluation operations and development operations.

Pursuant to the Cooperation Contract after the date of commencement of production of oil in the target oil field, the pre-contract costs incurred by CNPC and the evaluation costs shall be recovered in kind out of cost recovery oil.

CNPC and China Era have appointed an equal number of representatives to form the Joint Management Committee for proper performance of the operations of the Cooperation Contract.

The production period was commenced in 2011 and will continue for 20 years, which may be extended with the approval of a department or unit authorised by the State Council of the PRC. During the production period, operations and all activities related thereto carried out for petroleum production of any relevant oil field in the relevant contract area, such as extraction, injection, stimulation, treatment, storage, transportation, lifting and abandonment, etc will be carried out.

The annual production of crude oil, after payment for value added tax, royalty, operating costs, investment recovery and costs for additional development projects, shall be allocated to CNPC and China Era in proportion of 51% for CNPC and 49% for China Era.

The reserve evaluation was conducted in accordance with Petroleum Resources Management System, an internationally recognised reserve standards and guideline, the details of information were set out in Appendix IX of the Technical Report as referred to the Company's circular dated 11 October 2010. There are no any material change of assumption as compared with previous disclosed in the Technical Report.

Changes in estimated quantities of proved crude oil reserves for the period ended 30 June 2014 and year ended 31 December 2013 are indicated as follows:

	Crude oil *(millions of Tonnes)*
Reserves as at 31 December 2012	3.730
Output for the year	(0.032)
Reserves as at 31 December 2013	3.698
Output for the Period	(0.012)
Reserves as at 30 June 2014	**3.686**

Note: Based on the Group's share of participated interests in the oil field through jointly controlled operations.

FUTURE PLAN AND PROSPECTS

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, the net assets value of the Group is approximately HK$1,592 million (31 December 2013: HK$1,587 million) and the total cash and bank balance is approximately HK$128 million (31 December 2013: HK$90 million). As at 30 June 2014, the Group had total current assets of approximately HK$190 million (31 December 2013: HK$153 million) and total current liabilities of approximately HK$242 million (31 December 2013: HK$235 million).

CURRENT AND GEARING RATIO

As at 30 June 2014, the Group had total assets of approximately HK$2,248 million (31 December 2013: HK$2,266 million), total liabilities of approximately HK$657 million (31 December 2013: HK$678 million), indicating a gearing ratio of 0.29 (31 December 2013: 0.30) on the basis of total liabilities over total assets. The current ratio of the Group as at 30 June 2014 was 0.79 (31 December 2013: 0.65).

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 2014, the Group had interest-bearing bank borrowings of approximately HK$43 million (31 December 2013: approximately HK$44 million). The Group pledged bank deposits amounted of approximately HK$1 million (31 December 2013: approximately HK$1 million) for the bank borrowings and pledged trade receivables of approximately HK$10 million (31 December 2013: Nil) for banking facilities.

CONTINGENT LIABILITIES

As at 30 June 2014, the Group did not have any significant contingent liabilities (31 December 2013: Nil).

EMPLOYEE INFORMATION

As at 30 June 2014, the Group employed approximately 456 full-time employees (as at 30 June 2013: 430). The Group's emolument policies are formulated on the performance of individual employees and are reviewed annually in line with industry practice. The Group also provides provident fund schemes (as the case may be) to its employees depending on the location of such employees.

LITIGATION AND ISSUE OF NEW SHARES

On 5 May 2014, the Company and Maycrown Capital Limited ("**Maycrown**") entered into the settlement agreement (the "**Settlement Agreement**"), pursuant to which the Company agreed to issue and allot a total of 1,000,000,000 new shares under the General Mandate to Maycrown in consideration of full and final settlement of the sum of HK$35,000,000 together with interest accrued thereon alleged to be owed by Precious New Limited, a wholly-owned subsidiary of the Company, and the Company to Maycrown, being the High Court Action instituted by Maycrown against Precious New Limited and the Company for the recovery of (the "**Action**") and the stay of all further proceedings pursuant to the Action (the "**Indebtedness**").

As disclosed in the Company's announcement dated 5 May 2014, the issue price HK$0.0376 per subscription shares. The entire consideration shall be used to settle the claim by Maycrown under the Action.

On 3 June 2014, upon the fulfillment of the last of the conditions on 21 May 2014, pursuant to the Settlement Agreement, a total of 1,000,000,000 new shares has been issued to Holmsun Capital Limited, the nominee of Maycrown, under the General Mandate in consideration of full and final settlement of the Indebtedness and the stay of all further proceedings pursuant to the Action.

Upon completion of the subscription, the subscription shares are held by Holmsun Capital Limited, representing 5.41% of the issued share capital of the Company as enlarged by the subscription. The settlement is not expected to have a material effect on the results of the Company.

INTERIM DIVIDEND

The board of directors (the "**Board**") does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: 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 CORPORATE GOVERNANCE CODE

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

During the six months ended 30 June 2014, the Board has adopted and complied with the code provisions of the CG Code in so far they are applicable with the exception of the deviation from A.2.1 of the CG Code, the roles of chairman and chief executive officer (the "**CEO**") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. Since the positions of the chairman and CEO are vacated, the Company is still looking for a suitable candidate to fill the vacancy of chairman and CEO.

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

E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting (the "**AGM**"). However, the chairman is vacated. Mr. Chan Wai Cheung Admiral as the executive director chaired the AGM held on 26 June 2014.

A.6.7 of the CG Code, independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders, Mr. Wang Jinghua, the independent non-executive director, was unable to attend the AGM of the Company held on 26 June 2014 as he was out of town for other businesses.

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 for Securities Transactions by Directors by Listed Issuers (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 2014.

AUDIT COMMITTEE

The audit committee of the Company was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the suggested terms of reference stated under the Code Provision C.3 of the CG Code. The audit committee currently comprises three independent non-executive directors and is chaired by Mr. Lee Hoi Yan. The audit committee is responsible for review of the Group's accounting principles, practices internal control procedures and financial reporting matters including the review of the interim and final results of the Group prior to recommending to the Board for approval.

SUBSEQUENT EVENTS/DIRECTORS' PARTICULARS

Changes in the particulars of the Directors are set out as follows:

1. Ms. Jin Yuping has been appointed as an executive director with effect from 22 July 2014.

2. Mr. Lan Yongqiang has been appointed as an independent non-executive director, the members of each of the audit committee, remuneration committee and nomination committee of the Company with effect from 22 July 2014.

3. Mr. Choi Chi Fai has resigned as independent non-executive director, the chairman of each of the audit committee, remuneration committee and nomination committee of the Company with effect from 31 July 2014.

4. Mr. Lee Hoi Yan, member of each of the audit committee, remuneration committee and nomination committee of the Company, has been elected as the chairman of each of the audit committee, remuneration committee and nomination committee of the Company with effect from 31 July 2014.

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 2014 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, 26 August 2014

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