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E I H

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 2015

The Board of Directors (the "**Board**") of Energy International Investments Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively known as the "**Group**") for the six months ended 30 June 2015. The unaudited consolidated interim results were not audited but have been reviewed by the Company's audit committee (the "**AC**").

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2015

		(Unaudited)	
		Six months ended 30 June	
		2015	2014
	Notes	***HK$'000***	*HK$'000*
Revenue	4	**54,821**	123,531
Cost of sales		**(64,773)**	(110,717)
Gross (loss)/profit		**(9,952)**	12,814
Other income	4	**1,033**	4,282
Selling and distribution expenses		**(558)**	(1,865)
Administrative expenses		**(16,276)**	(17,240)
Other operating expenses		**(2,440)**	(6,329)
Finance costs	6	**(4,672)**	(5,496)
Loss before income tax	7	**(32,865)**	(13,834)
Income tax credit/(expense)	8	**1,314**	(5,360)
Loss for the period		**(31,551)**	(19,194)

* *For identification purpose only*

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2015

		(Unaudited) Six months ended 30 June	
		2015	2014
	Notes	***HK$'000***	*HK$'000*
Loss for the period attributable to:			
Owners of the Company		**(24,624)**	(13,140)
Non-controlling interests		**(6,927)**	(6,054)
Loss for the period		**(31,551)**	(19,194)
			(Restated)
Loss per share for loss attributable to the owners of the Company for the period	10		
– Basic		**(HK cents 0.88)**	(HK cents 0.49)
– Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	(Unaudited) Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Loss for the period	**(31,551)**	(19,194)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange loss on translation of financial statements of foreign operations	**–**	(13,973)
Other comprehensive income for the period	**–**	(13,973)
Total comprehensive income for the period	**(31,551)**	(33,167)
Total comprehensive income attributable to:		
Owners of the Company	**(24,624)**	(23,600)
Non-controlling interests	**(6,927)**	(9,567)
	(31,551)	(33,167)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	(Unaudited) 30 June 2015 HK$'000	(Audited) 31 December 2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**192,538**	214,864
Prepaid land lease payments		**10,918**	11,263
Intangible assets		**968,784**	971,224
Deferred tax assets		**60,217**	60,217
		1,232,457	1,257,568
Current assets			
Inventories		**2,098**	2,995
Trade and bills receivables	11	**34,523**	36,564
Prepayments, deposits and other receivables		**55,888**	5,972
Pledged bank deposits		**23**	1,003
Cash at banks and in hand		**60,989**	76,043
		153,521	122,577
Current liabilities			
Trade payables	12	**9,092**	17,907
Other payables and accruals		**136,541**	144,406
Bank borrowings		**43,400**	43,400
Shareholder's loan		**100**	–
Tax payables		**10,656**	10,661
		199,789	216,374
Net current liabilities		**(46,268)**	(93,797)
Total assets less current liabilities		**1,186,189**	1,163,771

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Notes	**(Unaudited) 30 June 2015 *HK$'000***	(Audited) 31 December 2014 *HK$'000*
Non-current liabilities			
Amount due to non-controlling shareholder		**17,375**	13,887
Other borrowings		**40,558**	41,971
Deferred tax liabilities		**249,382**	249,988
		307,315	305,846
Net assets		**878,874**	857,925
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**235,350**	198,408
Reserves		**626,090**	635,156
		861,440	833,564
Non-controlling interests		**17,434**	24,361
Total equity		**878,874**	857,925

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. GENERAL INFORMATION

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 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 condensed 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 2015, the Group had net current liabilities of HK$46,268,000 (31 December 2014: HK$93,797,000) and suffered a loss of HK$31,551,000 (six months ended 30 June 2014: HK$19,194,000) 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) The placing of convertible bonds (the "CB Placing") with a principal amount of up to HK$300,000,000 has been approved on the extraordinary general meeting held on 17 August 2015. The directors expect that the CB Placing to be completed by mid September 2015. Details of the CB Placing were set out in the Company's circular dated 28 July 2015.

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 People's Republic of China (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 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 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 was 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 over QHFSMI and IMFSMI, exposure, or rights, to variable returns from QHFSMI and IMFSMI and the ability to use its power to affect those variable returns. 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 are 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. In August 2014, the Supreme People's Court of the People's Republic of China accepted the Company's appeal. In April 2015, the Higher Court has made the final judgement that the Company won the court case and the Change of Exploration Right Agreement signed between QHFSMI and Yuen Xian Company dated 11 November 2009 is invalid.

Following the conclusion of the above judgement, the Company has instructed its legal advisers in the PRC to enforce the judgement with the view to regaining the control of QHFSMI and the related exploration and mining licences.

In the opinion of the directors, the aforesaid judgement does not have material impact on the current 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 condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014. Except as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated interim financial statements are the same as those followed in the preparation of the annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has adopted the following new and revised HKFRSs, which are effective on 1 January 2015.

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

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.

The Group has not applied any new and revised HKFRSs, which have been issued but are not yet effective, in these condensed consolidated interim financial statements.

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	
	2015	2014
	HK\$'000	*HK\$'000*
Revenue		
Sale of crude oil	**23,458**	53,109
Supply of electricity and heat	**31,363**	70,422
	54,821	123,531
Other income		
Bank interest income	**32**	37
Gain on disposals of property, plant and equipment	**–**	54
Government grants	**1,001**	3,468
Sundry income	**–**	723
	1,033	4,282

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 2015 (six months ended 30 June 2014: 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	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue:						
From external customers	**31,363**	70,422	**23,458**	53,109	**54,821**	123,531
Reportable segment (loss)/profit	**(13,550)**	(11,859)	**(9,173)**	8,473	**(22,723)**	(3,386)
Bank interest income	**19**	13	**13**	23	**32**	36
Depreciation	**13,391**	14,723	**7,752**	8,761	**21,143**	23,484
Amortisation of prepaid land lease payments	**345**	342	**–**	–	**345**	342
Amortisation of intangible assets	**–**	–	**2,440**	6,329	**2,440**	6,329
Reportable segment assets	**199,721**	495,304	**1,135,677**	1,689,923	**1,335,398**	2,185,227
Additions to non-current segment assets during the period	**–**	294	**857**	2,087	**857**	2,381
Reportable segment liabilities	**95,499**	116,971	**401,921**	475,632	**497,420**	592,603

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

	(Unaudited) Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Reportable segment loss	**(22,723)**	(3,386)
Finance costs	**(4,672)**	(5,496)
Other unallocated income	**–**	1
Other unallocated expenses	**(5,470)**	(4,953)
Loss before income tax	**(32,865)**	(13,834)

	(Unaudited)	(Audited)
	30 June	31 December
	2015	2014
	HK$'000	*HK$'000*
Reportable segment assets	**1,335,398**	1,375,924
Property, plant and equipment	**63**	67
Cash at banks and in hand	**49,983**	3,710
Other corporate assets	**534**	444
Group assets	**1,385,978**	1,380,145
Reportable segment liabilities	**497,420**	512,015
Other corporate liabilities	**9,684**	10,205
Group liabilities	**507,104**	522,220

All revenue from external customers are located in the PRC (domicile). Geographical location of customers is based on the location at which the goods are delivered. No geographical location of non-current assets is presented as substantial non-current assets are physically based in the PRC.

Revenue from the major customers is as follows:

	(Unaudited) Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Customer A (derived from the Oil Production segment)	**23,458**	53,109
Customer B (derived from the Supply of Electricity and Heat segment)	**13,934**	37,540
	37,392	90,649

6. FINANCE COSTS

	(Unaudited) Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Interest on bank and other borrowings due within one year	**2,680**	2,638
Imputed interest on non-current borrowings	**1,989**	2,853
Bank charge	**3**	5
	4,672	5,496

7. LOSS BEFORE INCOME TAX

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

	(Unaudited) Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Cost of inventories recognised as expense	**22,669**	55,688
Depreciation*	**21,157**	23,537
Amortisation of prepaid land lease payments	**345**	342
Amortisation of intangible assets**	**2,440**	6,329
Operating lease charges on land and buildings	**1,879**	1,026
Staff costs, including directors' emoluments	**14,294**	14,151

* *Depreciation expenses of approximately HK$18,863,000 (six months ended 30 June 2014: HK$21,246,000) and approximately HK$2,294,000 (six months ended 30 June 2014: HK$2,291,000) were included in cost of sales and administrative expenses respectively.*

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

8. INCOME TAX (CREDIT)/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	
	2015	2014
	HK$'000	*HK$'000*
Current tax – the PRC	**(708)**	3,001
Deferred tax – the PRC	**(606)**	2,359
Income tax (credit)/expense	**(1,314)**	5,360

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 2015.

9. DIVIDENDS

The Board does not recommend any payment of interim dividends for the six months ended 30 June 2015 (six months ended 30 June 2014: 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	
	2015	2014
	HK$'000	*HK$'000*
Loss		
Loss for the period attributable to the owners of the Company for the purpose of basic loss per share	**(24,624)**	(13,140)

	(Unaudited) Six months ended 30 June	
	2015	2014
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,806,023**	2,683,966

No diluted loss per share for the six months ended 30 June 2015 and 2014 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 (31 December 2014: 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)	(Audited)
	30 June	31 December
	2015	2014
	HK$'000	*HK$'000*
1 – 90 days	**13,071**	36,477
91 – 120 days	**2,684**	25
121 – 365 days	**18,742**	36
Over 365 days	**26**	26
	34,523	36,564

At 30 June 2015 and 31 December 2014, there were no trade and bills receivables that were individually determined to be impaired. The Group did not hold any collateral over these balances.

Ageing analysis of trade and bills receivables that are past due but not impaired is as follows:

	(Unaudited)	(Audited)
	30 June	31 December
	2015	2014
	HK$'000	*HK$'000*
1 – 60 days past due but not impaired	**18,742**	36
Over 60 days past due but not impaired	**26**	26
	18,768	62

As at 30 June 2015, trade and bills receivables of HK$15,755,000 (31 December 2014: HK$36,502,000) were neither past due nor impaired. These related to different customers for whom there was no recent history of default.

Trade and bills receivables that were past due but not impaired related to several customers that had a good track record of credit with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of 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)	(Audited)
	30 June	31 December
	2015	2014
	HK$'000	*HK$'000*
1 – 90 days	**–**	9,702
91 – 120 days	**–**	670
121 – 365 days	**7,387**	7,373
Over 1 year	**1,705**	162
	9,092	17,907

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

For the six months ended 30 June 2015 (the "**Period**"), the Group's record revenue was approximately HK$55 million (six months ended 30 June 2014: HK$124 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 2015 was approximately HK$25 million (six months ended 30 June 2014: HK$13 million). The loss of the Group increased by approximately HK$12 million as compared to the last corresponding period.

Electricity and heat business

For the six months ended 30 June 2015, Shanxi Zhong Kai Group Lingshi Heat and Power Company Limited ("**Shanxi Zhong Kai Group Lingshi**"), in which the Group owns a 60% equity interest, generated revenue of approximately HK$31 million (six months ended 30 June 2014: HK$70 million), a decrease of approximately 55% 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$14 million (six months ended 30 June 2014: HK$12 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.

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

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

* *For identification purpose only*

Oil business

In the first half of 2015, the demand in the petroleum market remain weak. In the face of the complicated and harsh economic environment and volatile oil prices fluctuating at a low level, the Group targets on maintaining steady production and operations as a whole.

According to our original planning, we expected that for the year 2015 we will drill 30 production wells and extract approximately 30,000 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 2015, we have extracted 9,518 metric tonnes (six months ended 30 June 2014: 11,537 metric tonnes) of oil.

Our technician continues to analyse the data received from existing extraction activities in order to determine if new extraction method should be deployed for new wells. The negotiation with technical department of our partner, China National Petroleum Corporation ("**CNPC**"), and other local expertise in this study is expected to be continued. 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 30 for 2015.

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 2015, oil production of the Group achieved a turnover of approximately HK$23 million (six months ended 30 June 2014: HK$53 million), representing a decrease of 56% as compared with last corresponding period. The reportable segment results of oil production in the first half of 2015 amounted to a loss of approximately HK$9 million (six months ended 30 June 2014: profit of HK$8 million). This was primarily due to the decrease in extraction of oil and significant drop in oil price.

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

Results from operations

	(Unaudited) Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Net sales to customers	**23,458**	53,109
Other income	**13**	59
Operating expenses	**(24,892)**	(29,396)
Depreciation	**(7,752)**	(8,761)
Special petroleum revenue tax	**–**	(6,538)
Results from operations before income tax expense	**(9,173)**	8,473

In the second half of 2015, the Group will continue to improve extraction techniques in order to increase the overall production efficiency with cost reduction. 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.

FUTURE PLAN AND PROSPECTS

Oil business

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

Electricity and heat business

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

In view of the above, on 18 May 2015, the Company announced that it was in preliminary negotiation with the vendor (who is an Independent Third Party) of a company which is engaged in a wind and solar power project (the "**Project**") and the Company intended to use the net proceeds from the CB Placing for acquiring or investing in this potential Project if the Project materialises.

If the proposed acquisition of the Project materialises, it will signify the Group's strategy to diversify into renewable energy sector, in line with the environmental protection policy of China as announced in the "Twelve-five year" and the "Thirteenth-five year" plans. The supply of low-carbon clean energy becomes the long-term development trend in China. The "Energy Development Strategy Action Plan (2014-2020)" clearly stated that by 2020, the installed capacity of wind power shall reach 200 million KW and the installed capacity of photovoltaic power shall reach approximately 100 million KW. Combining the government supports of renewable energy and the expertise of the Group's management in power industry for many years, the Group expects the possible investment in the Project will generate positive contribution to the Group's revenue and profitability in the long run.

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 had been transferred to Yuen Xian Company without the Company's knowledge, consent or approval.

Since then, the Group had commenced legal proceedings (the "**Mining Litigations**") against Yuen Xian Company with the view to invalidating the Change of Exploration Right Agreement dated 11 November 2009 (which caused the loss of the exploration license by QHFSMI) and seeking to regain the control of QHFSMI and the exploration license. In the past few years, the Group suspended its exploration and mining business pending the outcome of the Mining Litigations.

As announced by the Company on 11 and 12 June 2015, the Higher Court handed down the final judgment for the Mining Litigations, whereby the Group eventually won the Mining Litigations and the Change of Exploration Right Agreement was eventually decided by the Court to be invalid. Following the conclusion of the Mining Litigations, the Company has instructed its legal advisers in China to enforce the judgement with the view to regaining the control of QHFSMI and its exploration license.

In addition, it was revealed by the Court documents made available to the Group that during the course of the Mining Litigations, in around 2012, the exploration work in respect of an area of 0.888 square kilometers which was covered by QHFSMI's exploration license was completed and mining license was issued for this area. Therefore, through regaining the control of QHFSMI, the Group expects that it will also indirectly obtain the ownership of not only the exploration license but also this newly granted mining license.

The Company has commenced the enforcement actions with the view to regaining the control of QHFSMI (and the underlying exploration and mining licenses). Upon the successful recovery of QHFSMI and the licenses, the Company expects to resume its investment in the construction and operations of the Group's exploration and mining business.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the net assets value of the Group is approximately HK$879 million (31 December 2014: HK$858 million) and the total cash and bank balances are approximately HK$61 million (31 December 2014: HK$76 million). As at 30 June 2015, the Group had total current assets of approximately HK$154 million (31 December 2014: HK$123 million) and total current liabilities of approximately HK$200 million (31 December 2014: HK$216 million).

CURRENT AND GEARING RATIO

As at 30 June 2015, the Group had total assets of approximately HK$1,386 million (31 December 2014: HK$1,380 million), total liabilities of approximately HK$507 million (31 December 2014: HK$522 million), indicating a gearing ratio of 0.37 (31 December 2014: 0.38) on the basis of total liabilities over total assets. The current ratio of the Group as at 30 June 2015 was 0.77 (31 December 2014: 0.57).

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 2015, the Group had interest-bearing bank borrowings of approximately HK$43 million (31 December 2014: approximately HK$43 million). The Group pledged bank deposits amounted of approximately HK$23,000 (31 December 2014: approximately HK$1 million) for the bank borrowings. As at 31 December 2014, the Group had pledged trade receivables of approximately HK$10 million for banking facilities.

CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any significant contingent liabilities (31 December 2014: Nil).

EMPLOYEE INFORMATION

As at 30 June 2015, the Group employed 445 full-time employees (30 June 2014: 456). 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 2015 (six months ended 30 June 2014: 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 2015, 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 non-executive and 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 30 June 2015.

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 and Mr. Lee Hoi Yan, the independent non-executive directors, were unable to attend the AGM of the Company held on 30 June 2015 as they were 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 2015.

AUDIT COMMITTEE

The AC 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 AC currently comprises three independent non-executive directors and is chaired by Mr. Lee Hoi Yan. The AC 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. Zhao Hanqi ("**Ms. Zhao**") has been appointed as an independent non-executive director and members of each of the AC, Remuneration Committee ("**RC**") and Nomination Committee ("**NC**") of the Company with effect from 6 March 2015. Ms. Zhao has been re-designated as non-executive director of the Company, and henceforth ceased to be a member of the AC, the RC and the NC with effect from 28 May 2015.

2. Mr. Chan Wai Cheung Admiral has been appointed as the members of each of the RC and the NC of the Company with effect from 27 March 2015.

3. Mr. Fung Nam Shan has been appointed as an independent non-executive director and members of each of the AC, RC and NC the Company with effect from 28 May 2015.

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 2015 containing all the information required by the Listing Rules will be despatched to shareholders and made available on the above websites in due course.

APPRECIATION

I take this opportunity to express our gratitude to the shareholders of the Company for their continued support and our Directors and our staffs for their contribution to the Company.

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

Hong Kong, 31 August 2015

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