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 2017

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 (the "Group") for the six months ended 30 June 2017 (the "Period"). The unaudited consolidated interim results have not been audited, but have been reviewed by the Company's audit committee (the "AC").

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2017

		(Unaudited) Six months ended 30 June	
	Notes	**2017** **HK$'000**	2016 HK$'000
Continuing operations			
Revenue	*4*	**7,895**	8,897
Cost of sales		**(7,418)**	(18,266)
Gross profit/(loss)		**477**	(9,369)
Other income	*4*	**1,414**	399
Selling and distribution expenses		**(164)**	(250)
Administrative expenses		**(14,096)**	(15,632)
Other operating expenses		**(3,887)**	(10,974)
Finance costs	*6*	**–**	(12,150)
Loss before income tax from continuing operations	*7*	**(16,256)**	(47,976)
Income tax credit	*8*	**336**	715
Loss for the period from continuing operations		**(15,920)**	(47,261)
Discontinued operation			
Loss for the period from a discontinued operation	*9*	**(9,570)**	(22,932)
Loss for the period		**(25,490)**	(70,193)

* *For identification purpose only*

CONDENSED CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the six months ended 30 June 2017

		(Unaudited) Six months ended 30 June	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
Loss for the period attributable to:			
Owners of the Company		**(23,033)**	(59,042)
Non-controlling interests		**(2,457)**	(11,151)
		(25,490)	(70,193)
Loss per share for loss attributable to the owners of the Company	*11*		
Basic and diluted			
– For loss from continuing operations		**(HK cents 0.36)**	(HK cents 1.17)
– For loss from a discontinued operation		**(HK cents 0.24)**	(HK cents 0.37)
		(HK cents 0.60)	(HK cents 1.54)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	(Unaudited) Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Loss for the period	**(25,490)**	(70,193)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange gains/(losses) on translation of financial statements of foreign operations	**23,613**	(8,069)
Release of exchange reserve upon disposal of subsidiaries	**(10,888)**	–
Other comprehensive income for the period	**12,725**	(8,069)
Total comprehensive income for the period	**(12,765)**	(78,262)
Total comprehensive income attributable to:		
Owners of the Company	**(15,776)**	(63,982)
Non-controlling interests	**3,011**	(14,280)
	(12,765)	(78,262)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	(Unaudited) 30 June 2017 HK$'000	(Audited) 31 December 2016 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**1,191,573**	919,260
Prepaid land lease payments		**–**	4,453
Sea area use rights		**107,750**	103,987
Intangible assets		**388,939**	389,084
Deposits and other receivables		**8,745**	17,041
Deferred tax assets		**48,547**	49,724
		1,745,554	1,483,549
Current assets			
Inventories – raw materials		**–**	1,993
Trade and bills receivables	*12*	**3,342**	28,704
Prepayments, deposits and other receivables		**40,783**	78,763
Financial assets at fair value through profit or loss		**12,235**	14,607
Pledged bank deposits		**–**	42,921
Cash and bank balances		**23,923**	195,893
		80,283	362,881
Current liabilities			
Trade payables	*13*	**–**	10,467
Bills and other payables and accruals		**631,609**	448,709
Amounts due to non-controlling shareholders		**89,758**	22,032
Bank borrowings		**–**	49,370
Other borrowings		**133,079**	127,774
Finance lease liabilities		**66,614**	37,960
Convertible bonds		**14,943**	10,232
Tax payables		**10,782**	9,464
		946,785	716,008
Net current liabilities		**(866,502)**	(353,127)
Total assets less current liabilities		**879,052**	1,130,422

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2017

	Notes	(Unaudited) 30 June 2017 HK$'000	(Audited) 31 December 2016 HK$'000
Non-current liabilities			
Other payables		**10,242**	39,533
Amounts due to non-controlling shareholders		**–**	78,039
Bank borrowings		**–**	165,257
Other borrowings		**11,636**	12,516
Finance lease liabilities		**95,495**	94,040
Convertible bonds		**165,380**	155,244
Deferred tax liabilities		**121,250**	120,511
		404,003	665,140
Net assets		**475,049**	465,282
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**304,970**	304,970
Reserves		**29,042**	44,818
		334,012	349,788
Non-controlling interests		**141,037**	115,494
Total equity		**475,049**	465,282

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. GENERAL INFORMATION

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 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").

During the Period, the principal activities of the Group include:

– the oil production representing the business of oil production;

– the oil and liquefied chemical terminal representing the business of operation of liquid chemical terminal, storage and logistics facilities; and

– the supply of electricity representing the business of generation and supplying of electricity and heat, which the Group has discontinued in the Period in connection with the disposal of subsidiaries as described in note 9.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("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) Songliao contract

In 2010, the Group completed the acquisition of 100% equity interest in China International Energy Investments (Hong Kong) Limited ("China International Energy") which holds the petroleum contract entered into between China Era Energy Power Investment Limited ("China Era"), a wholly-owned subsidiary of China International Energy, and China National Petroleum Corporation ("CNPC") on 13 August 2007 (the "Songliao Contract") from the vendor, Greater China Limited ("Greater China"), details of which are set out in note 33 to the annual financial statements of the Company for the year ended 31 December 2016. China International Energy was wholly owned by an individual ("Mr. A") at the time of obtaining the Songliao Contract.

In 2015, the directors of the Company found that Mr. A was formally charged by prosecution authorities in the People's Republic of China (the "PRC") for illegal crime (the "Charge"), possibly involved allegations about improper conduct in obtaining the Songliao Contract.

As soon as the directors of the Company found the Charge, the Group commenced legal proceedings in the Cayman Islands against various parties including Mr. A, Greater China, Mr. Li Weijun (Greater China's warrantor) and Giant Crystal Limited ("Giant Crystal") (which was nominated by Greater China as the allottee of the promissory notes, consideration shares and convertible bonds for the consideration of the acquisition) (the "Defendants") on the basis that (a) the Greater China's warranties and/or representations given in the acquisition were false and misleading and knowing that the Group entered into the acquisition agreement in reliance thereon: and (b) the Defendants of the litigation wrongly conspired and combined together to defraud the Group to pay the consideration.

In the litigation, the Group sought (1) a declaration that they are entitled to validly rescind the acquisition agreement; (2) an order that the consideration be repaid, a declaration that the promissory notes and convertible bonds are at all material times null and void and of no legal effect; (3) a declaration that Giant Crystal held and continue to hold the consideration shares and any shares issued upon exercise of the convertible bonds on trust for the Company; (4) an injunction against all Defendants that they be restrained from disposing of, encumbering or otherwise dealing with or diminishing the value of, and/or exercising any rights or powers (including but not limited to voting rights in general and/or extraordinary meeting(s) in respect of, and/or entering into any agreement to effect any transaction in relation to, the consideration shares and the converted shares; (5) an injunction against all Defendants from completing and/or procuring the conversion and/or transferring of the convertible bonds; (6) damages for fraud and/or deceit; and (7) an order that the Defendants compensate the Group in equity.

In 2017, the Group obtained the legal opinion from the lawyers in the PRC stating that under the laws prevailing in the PRC, all entities are innocent unless found guilty by the Municipal Court. However, if the contract is found to be used to conduct illegal trade by top management, the contract can be invalidated through the Supreme People's Court. According to the Contract Laws of the PRC, when a contract becomes invalid or is rescinded, any property obtained under the contract shall be returned. In the circumstances when the return of properties is impossible, compensation shall be made at an estimated price for the loss caused by the defaulted parties. As a party of the contract, the Group is entitled to either enter into arbitration or to file civil legal action to rescind or invalidate the contract and seek compensation from the defaulted parties. As there has been no progress during the Period and there was no adjudication in respect of the Charge, it is not possible to estimate the outcome on the Group's oil production business and financial position, arising from the Charge against Mr. A.

(ii) Going concern basis

The financial statements have been prepared on a going concern basis which notwithstanding that (i) the Group incurred a loss of HK$25,490,000 (six months ended 30 June 2016: HK$70,193,000) during the Period; (ii) as at 30 June 2017, the Group had net current liabilities of HK$866,502,000 (31 December 2016: HK$353,127,000); and (iii) as at 30 June 2017, included in current liabilities was the total outstanding construction costs of HK$434,130,000 (31 December 2016: HK$420,716,000), that are required to repay within one year after the reporting date, in which amounts of HK$328,551,000 (31 December 2016: HK$319,177,000) and HK$105,579,000 (31 December 2016: HK$101,539,000) are recognised under other payables and other borrowings respectively and the capital commitment for construction cost was HK$149,446,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharges its liabilities in the normal course of business. The directors of the Company have prepared the consolidated financial statements based on a going concern on the assumptions that:

(a) the Songliao Contract continues to be valid and the Group continues its oil production business, which is the basis on which the directors prepared the cash flow forecast for the next twelve months after 30 June 2017;

(b) the Group will settle part of the outstanding construction cost and for the remaining balances of total construction costs, based on the good relationship with the contractors, the contractors will extend the repayment dates over twelve months after 31 December 2016; and

(c) the lease of oil and liquefied chemical terminal will be executed in 2017 in accordance with the terms and conditions of the lease agreement.

After taking into account the above measures, 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 Group will continue as a going concern and consequently have 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 in the consolidated financial statements to reduce the values of the assets to their estimated realisable values, to provide for any further liabilities which may arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in these financial statements.

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

Ms Leung's legal status as director and legal representative in QHFSMI and IMFSMI remained unchanged in the absence of her cooperation

Ms Leung Lai Ching ("Ms Leung") was a director and legal representative of both QHFSMI and IMFSMI. In September 2009, the sole shareholder of QHFSMI and IMFSMI (i.e. a wholly-owned subsidiary of the Company) resolved to remove Ms Leung's capacity as director and legal representative of both QHFSMI and IMFSMI with immediate effect. However, the respective members of the board of directors and legal representative of QHFSMI and IMFSMI were not officially changed up to the date of authorisation for issue of the consolidated financial statements 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 in the titanium mine at Xiao Hong Shan in Inner Mongolia, the PRC. In 2010, the board of directors discovered that the exploration licence held by QHFSMI was 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") at a consideration of RMB8,000,000 (the "Change of Exploration Right Agreement") without the Company's knowledge, consent or approval. Ms Leung is one of the directors and the legal representative of Yuen Xian Company. Without the exploration licence, QHFSMI no longer had the rights to, among other things, carry out exploration of the mineral resources of the titanium mine, access to the titanium mine and neighbouring areas and has no priority in obtaining the mining rights of the titanium mine.

Final decision on the Change of Exploration Right Agreement

As soon as the Group had discovered the loss of QHFSMI's exploration licence, the Group commenced the legal proceedings against Ms Leung for getting back the exploration licence. In March 2016, the Company received the final decision letter from the Qinghai Procuratorate that the Change of Exploration Right Agreement was invalid. As Yuen Xian Company had already obtained the mining licence on the titanium mine at Xiao Hong Shan in Inner Mongolia, the PRC, the Group is now seeking for the legal advices to resolve this matter.

De-consolidating QHFSMI and IMFSMI

Given that (i) the discovery of the loss of significant assets of QHFSMI; (ii) Ms Leung's legal status as director and legal representative in QHFSMI and IMFSMI remained unchanged; and (iii) the Group was unable to obtain the financial information of QHFSMI and IMFSMI, the directors of the Company considered that the Group had no 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. The Group appointed the PRC lawyers to handle the matters in regaining its controlling power over QHFSMI and IMFSMI. In the opinion of the directors, the aforesaid legal proceedings have no material impact on the financial position and operations of the Group as the Group is still in the process of regaining the controlling 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 of the Company for the year ended 31 December 2016. 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 2016.

In the Period, the Group has applied, for the first time, the following new and revised, standards, amendments and interpretations (the "HKFRSs") issued by the HKICPA, which are effective for the accounting period beginning on 1 January 2017.

Amendments to HKAS 7 – Disclosure Initiative

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of these amendments has no material impact on the financial statements.

The Group has not early adopted 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

The Group's principal activities are disclosed in note 1 to these unaudited condensed consolidated interim financial statements. Revenue from the Group's principal activities and other income recognised are as follows:

	(Unaudited) Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Revenue		
Sale of crude oil	**7,895**	8,897
Other income		
Bank interest income	**414**	50
Dividend income	**12**	14
Sundry income	**988**	335
	1,414	399

5. **SEGMENT INFORMATION**

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to management of the Group for their decisions about resources allocation to the Group's business components and review of these components' performance. The business components in the internal reporting to management of the Group are determined based on the Group's major product and service lines. The Group has identified the following reportable segments.

(a) the Oil Production segment represents the business of oil production;

(b) the Oil and Liquefied Chemical Terminal segment represents the business of operation of oil and liquefied chemical terminal, storage and logistics facilities; and

(c) the Supply of Electricity and Heat segment represents the business of generation and supplying of electricity and heat. This segment was discontinued during the Period.

There was no inter-segment sale and transfer during the Period (six months ended 30 June 2016: Nil).

	Continuing operations				**Discontinued operation**			
	Oil Production (Unaudited) Six months ended 30 June		**Oil and Liquefied Chemical Terminal (Unaudited) Six months ended 30 June**		**Supply of Electricity and Heat (Unaudited) Six months ended 30 June**		**Total (Unaudited) Six months ended 30 June**	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue: From external customers	**7,895**	8,897	**–**	–	**–**	11,856	**7,895**	20,753
Reportable segment loss	**(5,099)**	(13,935)	**(2,902)**	(6,937)	**(9,570)**	(19,378)	**(17,571)**	(40,250)
Bank interest income	**3**	9	**411**	41	**–**	–	**414**	50
Depreciation	**1,871**	4,634	**231**	233	**–**	14,809	**2,102**	19,676
Amortisation of prepaid land lease payments	**–**	–	**–**	–	**–**	328	**–**	328
Amortisation of sea area use rights	**–**	–	**1,151**	2,292	**–**	–	**1,151**	2,292
Amortisation of intangible assets	**350**	780	**–**	–	**–**	–	**350**	780
Loss on disposal of subsidiaries	**–**	–	**–**	–	**9,121**	–	**9,121**	–
Reportable segment assets	**481,658**	659,999	**1,326,733**	731,846	**–**	88,433	**1,808,391**	1,480,278
Additions to non-current segment assets during the Period	**217**	449	**236,818**	201,118	**–**	–	**237,035**	201,567
Reportable segment liabilities	**273,226**	305,053	**867,427**	369,231	**–**	105,028	**1,140,653**	779,312

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 2017	2016
	HK$'000	*HK$'000*
Reportable segment loss	**(17,571)**	(40,250)
Segment loss from a discontinued operation	**9,570**	19,378
Finance costs	**–**	(12,150)
Other unallocated income	**12**	14
Other unallocated expenses	**(8,267)**	(14,968)
Consolidated loss before income tax from continuing operations	**(16,256)**	(47,976)

	(Unaudited) 30 June 2017	(Audited) 31 December 2016
	HK$'000	*HK$'000*
Assets		
Reportable segment assets		
– From continuing operations	**1,808,391**	1,714,645
– From a discontinued operation	**–**	108,566
	1,808,391	1,823,211
Property, plant and equipment	**40**	49
Cash and bank balances	**4,260**	7,520
Other corporate assets	**13,146**	15,650
Group assets	**1,825,837**	1,846,430
Liabilities		
Reportable segment liabilities		
– From continuing operations	**1,140,653**	1,078,257
– From a discontinued operation	**–**	107,915
	1,140,653	1,186,172
Convertible bonds	**180,322**	165,476
Other corporate liabilities	**29,813**	29,500
Group liabilities	**1,350,788**	1,381,148

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	
	2017	2016
	HK$'000	*HK$'000*
Customer A (derived from the Oil Production segment)	**7,895**	8,897
Customer B (derived from the Supply of Electricity and Heat segment)	**–**	6,024
Customer C (derived from the Supply of Electricity and Heat segment)	**–**	4,901
	7,895	19,822

6. FINANCE COSTS

	(Unaudited) Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Imputed interest on convertible bonds	**14,846**	11,612
Imputed interest on bank and other borrowings and amounts due to non-controlling shareholders due within one year	**8,913**	3,971
Imputed interest on non-current borrowings	**537**	538
Finance lease charges	**7,549**	–
	31,845	16,121
Less: Amount capitalised*	**(31,845)**	(3,971)
	–	12,150

* *Borrowing costs capitalised during the Period arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6.54% (six months ended 30 June 2016: Nil) to expenditure on qualifying assets.*

7. LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS

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

	(Unaudited) Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Cost of inventories recognised as expenses	**–**	–
Depreciation	**2,112**	4,876
Amortisation of sea area use rights*	**1,151**	2,292
Amortisation of intangible assets*	**350**	780
Fair value loss on financial assets at fair value through profit or loss*	**2,372**	7,894
Operating lease charges on land and buildings	**3,165**	2,749
Employee costs, including directors' emoluments	**6,037**	8,265

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

Depreciation expenses of approximately HK$933,000 (six months ended 30 June 2016: HK$4,183,000) and approximately HK$1,179,000 (six months ended 30 June 2016: HK$693,000) were included in cost of sales and administrative expenses respectively.

8. INCOME TAX 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	
	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Current tax – the PRC	**(336)**	1
Deferred tax – the PRC	**–**	(716)
Income tax credit	**(336)**	(715)

Operations of the Company in the PRC are subject to PRC enterprise income tax at the tax rate of 25% (six months ended 30 June 2016: 25%) for the Period.

9. DISCONTINUED OPERATION

On 30 December 2015, the Group entered into the sale and purchase agreement (the "Sale and Purchase Agreement") with the independent third party (the "Purchaser"), pursuant to which the Purchaser has conditionally agreed to acquire and the Group has conditionally agreed to sell the issued shares and the sale loan of Sunlight Rise Limited (together with it subsidiaries referred to as the "Sunlight Group") which holding 60% equity interest in Shanxi Zhong Kai Group Lingshi Heat and Power Limited at a consideration of HK$1,500,000, details of which are set out in the Company's announcements dated 30 December 2015, 29 March 2016 and 12 October 2016 and the Company's circular dated 17 February 2017. During the Period, on 17 March 2017, the disposal of the Sunlight Group has been completed. The sales, results, cash flows and net assets of the Sunlight Group were as follows:

	(Unaudited) Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Revenue	**–**	11,856
Cost of sales	**–**	(27,604)
Gross loss	**–**	(15,748)
Other income	**5**	–
Administrative expenses	**(454)**	(4,305)
Other operating expenses	**–**	(328)
Finance costs	**–**	(2,551)
Loss before income tax	**(449)**	(22,932)
Income tax expense	**–**	–
Loss for the period	**(449)**	(22,932)
Loss on disposal of subsidiaries	**(9,121)**	–
Loss for the period from a discontinued operation	**(9,570)**	(22,932)
Operating cash flows	**128**	(626)
Investing cash flows	**–**	–
Financing cash flows	**–**	–
Total cash flows	**128**	(626)

The carrying amounts of the assets and liabilities of the Sunlight Group at the date of disposal are approximately HK$109.8 million and HK$192.2 million respectively.

A loss of approximately HK$9.1 million arose on the disposal of the Sunlight Group, being the proceeds of disposal of HK$1.5 million less net asset value disposed of in the amount of approximately HK$10.6 million, being the net amount of (i) the sale loan of approximately HK$81.4, representing the amounts due by the Sunlight Group to the Group; (ii) the unaudited equity attributable to the owners of the Sunlight Group of approximately HK$59.9 million (in negative); and (iii) the recycle of the exchange reserve upon disposal of approximately HK$10.9 million. No tax charge or credit arose from the disposal.

For the purpose of presenting discontinued operation, the comparative condensed consolidated income statement and the related notes have been re-presented as if the operation discontinued during the Period had been discontinued at the beginning of the comparative period.

10. DIVIDENDS

The board of directors did not recommend any payment of interim dividends for the Period (six months ended 30 June 2016: Nil).

11. 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	
	2017	2016
	HK$'000	*HK$'000*
Loss for the period attributable to the owners of the Company for the purpose of basic loss per share		
– From continuing operations	**(13,643)**	(44,881)
– From a discontinued operation	**(9,390)**	(14,161)
	(23,033)	(59,042)

	(Unaudited) Six months ended 30 June	
	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**3,834,905**	3,834,905

The calculation of basic loss per share is based on the loss attributable to the owners of the Company and the weighted average number of ordinary shares.

For the six months ended 30 June 2017 and 2016, no adjustment has been made to the basic loss per share amount presented in respect of a dilution as the impact of the convertible bond outstanding had an anti-dilutive effect on the basic loss per share amount presented.

12. TRADE AND BILLS RECEIVABLES

The Group normally allows trading credit terms ranging from 30 to 120 days (31 December 2016: 30 to 120 days) to its established customers. Each customer has a maximum credit limit. For certain customers with long established relationship and good past repayment history, a longer credit period may be granted. 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 2017	(Audited) 31 December 2016
	HK$'000	*HK$'000*
1 – 90 days	**3,342**	10,418
91 – 120 days	**–**	47
121 – 365 days	**–**	80
Over 365 days	**–**	18,159
	3,342	28,704

At 30 June 2017 and 31 December 2016, 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) **30 June** **2017** ***HK$'000***	(Audited) 31 December 2016 *HK$'000*
Over 60 days past due but not impaired	**–**	18,239

As at 30 June 2017, trade and bills receivables of HK$3,342,000 (31 December 2016: HK$10,465,000) were neither past due nor impaired. These related to a customer (31 December 2016: different customers) for whom there was no recent history of default.

Trade and bills receivables as at 31 December 2016 that were past due but not impaired related to the local government and all were under the Sunlight Group, which were subsequently sold in March 2017. The Group did not hold any collateral in respect of these balances.

13. TRADE PAYABLES

Trade payables were non-interest bearing and are normally settled on 60 days (31 December 2016: 60 days) terms.

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

	(Unaudited) **30 June** **2017** ***HK$'000***	(Audited) 31 December 2016 *HK$'000*
1 – 90 days	**–**	2,068
121 – 365 days	**–**	1,174
Over 365 days	**–**	7,225
	–	10,467

As at 31 December 2016, all trade payables were under the Sunlight Group and were subsequently sold in March 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating results

The Group is principally engaged in the oil production, the oil and liquefied chemical terminal and the supply of electricity and heat (which was discontinued on 17 March 2017).

(i) Revenue

For the Period, the Group's record revenue from continuing operations was approximately HK$8 million, representing a slight decrease of approximately HK$1 million or approximately 11% as compared to the correspondence period in 2016 of approximately HK$9 million. The revenue is contributed from the oil production business. No revenue has been generated from the Group's oil and liquefied chemical terminal since the construction works on the terminal and related facilities were still in progress during the Period.

(ii) Gross profit/loss

As compared to gross loss made in the correspondence period in 2016 of approximately HK$9 million, the Group turned to gross profit position during the Period, representing a significant improvement of approximately HK$10 million. The turnaround from gross loss to gross profit is mainly attributable to the increase in average oil price and the result from certain cost saving measures.

The board of directors believes that (1) under the stability with slight increment in the crude oil price, together with the continuation of the cost saving measures; and (2) the commencement of generating rental income from the Group's oil and liquefied chemical terminal, which is expected to be between mid-September and October of 2017, the Group is able to enhance the gross profit position.

(iii) Loss for the period and loss attributable to owners of the Company

Included in the loss for the period, there was loss from a discontinued operation of approximately HK$10 million (six months ended 30 June 2016: HK$23 million). On 17 March 2017, upon completion of the disposal of the Sunlight Group, the Group discontinued its supply of electricity and heat business. The total cash consideration received from the disposal is HK$1.5 million, and a loss on disposal of approximately HK$9 million was recorded.

The loss attributable to owners of the Company for the Period amounted to approximately HK$23 million (six months ended 30 June 2016: HK$59 million), representing a significant decrease of approximately HK$36 million or approximately 61%. The improved performance were mainly attributable to the turnaround from gross loss to gross profit of approximately HK$10 million; the capitalisation of all borrowing costs to qualifying assets during the Period as compared to the charge of finance costs of approximately HK$12 million from continuing operations; and the decrease in fair value loss on financial assets at fair value through profit or loss from approximately HK$8 million in the correspondence period in 2016 to approximately HK$2 million for the Period.

Business review

Oil business

In early 2017, the international crude oil price maintained at a similar level as that in late 2016, which is almost a double as compared to early 2016. However, after February 2017, the oil price fluctuated on a downstream trend for almost half years. In spite of that, the increase in average oil price during the Period is still obvious as compared to the first half of 2016. On the other hand, the demand in the petroleum market was still weak. During the Period, the Group have extracted approximately 3,263 metric tonnes (six months ended 30 June 2016: 5,383 metric tonnes) of oil.

With the increase in average oil price and efficiency in cost saving measures, which were partially offset by the decrease in sales volume of crude oil in the Period, the results from operations and costs incurred in oil business improved significantly, which are detailed as below:

	(Unaudited) Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Net sales to customers	**7,895**	8,897
Other income	**3**	9
Operating expenses	**(11,126)**	(18,207)
Depreciation	**(1,871)**	(4,634)
Special petroleum revenue tax	**–**	–
Results from operations before income tax	**(5,099)**	(13,935)

Information of oil field and oil reserves

Pursuant to the Songliao 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 Songliao 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 Songliao 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 Songliao 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.

Operation of liquid chemical terminal, storage and logistics facilities business

The Group operates its liquid chemical terminal, storage and logistics facilities business through a 51%-owned subsidiary established in the PRC, Shandong Shundong Port Services Company Limited ("Shundong Port"). Shundong Port owns two sea area use rights covering an aggregate area available for land-forming and reclamation construction of approximately 31.59 hectares in Dongying Port, Shandong Province, the PRC and permitting the construction of reclamation and land-forming for use in sea transportation and port facilities for a 50-years' period running from 13 November 2014 to 12 November 2064 and 23 February 2016 to 22 February 2066 respectively. During the Period, Shundong Port has not yet commenced business and was still in the stage of constructing the liquid chemical terminal, storage and logistics facilities (the "Port and Storage Facilities"). As at the date of this announcement, Shundong Port has nearly completed all the necessary land-forming and reclamation construction and facilities installation in Dongying Port. Shundong Port is expected to commence business between mid-September and October of 2017, subject to the obtaining of all necessary permits and licenses.

Since Shundong Port has not yet commenced business, no revenue has been generated in the Period and a segment loss of approximately HK$3 million was incurred from the oil and liquefied chemical terminal segment.

Electricity and heat business

On 17 March 2017, the Group discontinued the electricity and heat business upon the completion of disposal of the Sunlight Group. No revenue was generated from this discontinued operation as compared to approximately HK$12 million in the correspondence period in 2016.

Financial review

Liquidity, financial resources and capital structure

As at 30 June 2017, the Group had total assets of approximately HK$1,826 million (31 December 2016: HK$1,846 million), total liabilities of approximately HK$1,351 million (31 December 2016: HK$1,381 million), indicating a gearing ratio of 0.74 (31 December 2016: 0.75) on the basis of total liabilities over total assets. The current ratio of the Group as at 30 June 2017 was 0.08 (31 December 2016: 0.51) on basis of current assets over current liabilities.

As at 30 June 2017, the Group had no bank borrowing (31 December 2016: HK$214,627,000), and other borrowings of approximately HK$144,715,000 (31 December 2016: HK$140,290,000). The aggregate bank deposits and cash in hand of the Group were approximately HK$23,923,000 (31 December 2016: HK$238,814,000).

As at 30 June 2017, the convertible bonds outstanding principal amount of (i) HK$628,160,000, had been due on 31 December 2015 not carrying any interest with right to convert the convertible bonds into ordinary shares of the Company. The adjusted conversion price is HK$0.8 per share (subject to adjustments) and a maximum number of 785,200,000 shares may be allotted and issued upon exercise of the conversion rights attached to the convertible bonds in full; and (ii) HK$190,000,000 due on 15 September 2018 carrying interest of 5% per annum with right to convert the convertible bonds into ordinary shares of the Company. The conversion price is HK$0.158 per share (subject to adjustments) and a maximum number of 1,202,531,645 shares may be allotted and issued upon exercise of the conversion rights attached to the convertible bonds in full. During the Period, no convertible bond was converted to ordinary shares of the Company.

In July 2015, the Group commenced legal actions against the holder(s) of the convertible bonds which were due on 31 December 2015. Details of the litigation can be referred to the Company's announcements dated 4 July 2015, 14 August 2015 and 24 November 2015, respectively.

Contingent liabilities

As at 30 June 2017, the Group did not have any significant contingent liabilities.

Capital and other commitments

The Group had capital and other commitments contracted but not provided for of approximately HK$149,446,000 (31 December 2016: HK$155,167,000) and HK$48,010,000 (31 December 2016: HK$48,164,000) respectively as at 30 June 2017.

Charges on assets

As at 30 June 2017, the Group's certain property, plant and equipment of approximately HK$177,645,000 (31 December 2016: 169,921,000) and entire sea area use rights of approximately HK$110,130,000 (31 December 2016: HK$106,367,000) were pledged for the Group's bills payables and finance lease liabilities. As at 31 December 2016, certain bank deposits of approximately HK$42,921,000 were also pledged for the Group's bills payables.

Exchange exposure

The Group mainly operates in Hong Kong and PRC and the exposure in exchange rate risks mainly arises from fluctuations in the HK$ and RMB exchange rates. Exchange rate fluctuations and market trends have always been the concern of the Group. The policy of the Group for its operating entities operates in their corresponding local currencies to minimise currency risks. The Group, after reviewing its exposure for the time being, did not enter into any derivative contracts aimed at minimising exchange rate risks during the Period. However, management will monitor foreign currency exposure and will consider hedging significant foreign currency exposure if necessary.

Employee information

As at 30 June 2017, the Group employed 172 full-time employees (30 June 2016: 421). 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 dividends

The board of directors did not recommend the payment of interim dividends for the Period (six months ended 30 June 2016: Nil).

Future plan and prospects

Oil business

In the second half of 2017, the recovery of the global economy will remain highly uncertain, The crude oil price is likely to fluctuate up and down without any specific trend. The Group will 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.

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 oil production business of the Liangjing Project of the Group is still in normal operation and production and 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.

Operation of liquid chemical terminal, storage and logistics facilities business

Since the completion of the acquisition of 51% effective interest in Shundong Port by the Group in December 2015, the Group had been proactively promoting the continual construction of the Port and Storage Facilities. The original design of the Port and Storage Facilities anticipated four berths for chemical tankers of 10,000 tonnage and two berths for chemical tankers of 5,000 tonnage. With the effort, contribution and investment of the Group, the Group is now working towards the objective of upgrading two 10,000-tonnage berths to 20,000-tonnage and 30,000-tonnage, respectively. As at the date of this announcement, nearly all the construction of the Port and Storage Facilities has been completed and is expected to be ready for commercial operation between mid-September and October of 2017, subject to the obtaining of all necessary permits and licenses.

On 24 October 2016, Shundong Port and an independent third party (the "Lessee") entered into a lease agreement (the "Lease Agreement"), pursuant to which Shundong Port agreed to lease the Port and Storage Facilities to the Lessee. The rent payable by the Lessee to Shundong Port for the Port and Storage Facilities under the Lease Agreement is RMB125 million (approximately HK$145 million) per annum, which shall be payable in twelve equal instalments on monthly basis in advance. Details of the Lease Agreement can be referred to the circular of the Company dated 17 February 2017.

The Lease Agreement provides an opportunity for the Company to generate a stable rental income from the Port and Storage Facilities, which is expected to expedite the Group's recovery of investment costs and to deliver reasonable return on capital to the Group on this project. In addition, the Lease Agreement is expected to improve the Group's asset and liabilities position in the long run, and to enhance the fund-raising capabilities of Shundong Port in the short run. It is currently expected that any cash derived from the rental income of the Lease Agreement will be retained by Shundong Port for its settlement of indebtedness, ongoing expansion and development plans.

Following the commencement of operation, it is expected that rental income of approximately RMB20 million to RMB30 million could be recognised in the second half of 2017.

Exploration and mining business

As disclosed in the Company's 2016 annual report, the Board found out that in 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 June 2015, 12 June 2015 and 9 March 2016, the Higher People's Court of Qinghai Province had made a final judgment that the change of exploration right agreement was between QHFSMI and Yuen Xian Company was invalid and the Qinghai Province People's Procuratorate had expressed its "no-support" as to the review of the abovementioned final judgement, respectively. Following the conclusion of the Mining Litigations, the Company has appointed the legal advisers in the PRC to enforce the judgement to uphold the Group's right. In the event that the Group could regain the control of QHFSMI, the Group will be in the position to have access to the relevant exploration and mining license and thereafter the Group will perform due diligence review on the mining site. The Group is conducting regular re-assessment on the progress made by its legal advisers and the prospect of the Group's mining segment from time to time.

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 Period, 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 15 May 2017.

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. Fung Nam Shan, the independent non-executive directors, were unable to attend the AGM of the Company held on 15 May 2017 due to their other prior engagements.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code and the Company has made specific enquiry with each directors and each of them confirmed that he had complied with the required standards set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The AC 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.

CHANGES IN INFORMATION OF DIRECTORS

Changes in information of the directors pursuant to Rule 13.51(B)(1) of the Listing Rules are disclosed below:

Mr Chan Wai Cheung Admiral was appointed as an independent non-executive director of Zhong Ao Home Group Limited (stock code: 1538) which is listed on the Main Board of the Stock Exchange with effect from 31 May 2017.

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 2017 containing all the information required by the Listing Rules will be despatched to shareholders and made available on the above websites in due course.

APPRECIATION

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

By order of the Board
Energy International Investments Holdings Limited
Chan Wai Cheung Admiral
Executive Director

Hong Kong, 30 August 2017

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