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Enviro Energy International Holdings Limited
環能國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Website: http://www.enviro-energy.com.hk

(Stock Code: 1102)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

CHAIRMAN'S STATEMENT

I take pleasure in presenting the results for Enviro Energy International Holdings Limited ("**Company**" or "**EE**" and together with its subsidiaries, "**Group**") for the year ended 31 December 2013.

Recent years have been challenging for corporations of all sizes in the global economy as each year has presented new unforeseen obstacles and events. Yet the Group maintains its progress towards its ultimate goals guided by a strong belief in its business model and entrepreneurial spirit.

Growth…innovation…value creation through natural resources… this is my theme. The world is going through information, energy and environmental revolutions each of which create resource-based needs related to the Group's specialised skills.

Last year I advised shareholders the Group would go forward to invest in future growth by expanding the horizon and the slate of target natural resources by focusing on a greater variety of major projects.

During 2013, the Group demonstrated its resiliency by expanding its horizons in Asia and consolidating where necessary elsewhere. As always we are highly attentive and responsive to market signals.

In Indonesia in particular we have acted opportunistically, as I had foreseen in the past, to develop strategic partnerships that will greatly benefit the Group and lead to subsequent investments and further value-creation down the road. We need to build and sustain momentum in new businesses.

The short and medium to long term outlook for natural resources remains very positive. Based on our studies, the Group is especially excited about the prospects for industrial minerals as a whole, but there are some particular minerals that are most attractive.

These include marble where the Group has made some early moves based on the combination of resource opportunities and regional and local market demand, as well as oilfield minerals which have uniquely attractive economic potential.

In the oilfield minerals segment the Group plans to make a serious consideration of manufactured proppant which are essential materials in the global unconventional hydrocarbons business. The industrial minerals and the processing offer outstanding opportunities for investment by the Group where we can develop competitive advantages based on our local strengths in the region.

We continue to balance risk and value creation by utilising a consistent disciplined approach to investing, underpinned by strategic principles. Ultimately the Group will have a balanced and highly competitive portfolio of commodities and operations with more geographic diversity, enhanced reserve and production performance tied to nearer term cash flow generation.

As in the past I wish to emphasize that our work in China has not been in vain. There is enormous value amassed in the China unconventional natural gas property held through a non-wholly-owned subsidiary which discovered material resource values which were reported and ratified by third parties. I have every confidence that the shareholder value created in that project will be protected by the rule of law.

Every year I am reminded that you the shareholders are an ongoing source of encouragement for the entire Group and that valued business and financial partners are necessary elements in every successful corporation.

However excellence in business performance is driven by people and the talents plus the loyalty and dedication of the professional staff in Hong Kong, Beijing, Jakarta and Vancouver are what make us all successful and for which I am most grateful.

MANAGEMENT DISCUSSION AND ANALYSIS

We are principally engaged in investment holding and development of a full range of natural resource-related projects involving hydrocarbons and other natural resources.

Business Review

Marble business — operations

The Company through one of its wholly-owned subsidiaries, continues to advance its business plan for industrial minerals through marble mine (quarry) operations in Indonesia at the quarry concession located at Barabatu, Labakkang District, Pangkep Regency, South Sulawesi Province, Indonesia.

The entire local area of the marble quarry is known for high quality marble quarries and the quarry is supported by substantial, estimated although uncategorised marble resources at the concession. These resources are currently estimated to exceed seven (7) million cubic metres. Production levels reached approximately 1,000 cubic metres per month during the most recent quarter. Pre-production blasting has been completed and the Group is now focusing on utilising the existing marble in inventory for marketing purposes. Sales for the marble products have been initiated to buyers in Indonesia and for export to China. The Group steadily increased production output as well as actively marketed the marble products globally via various channels.

The Company through another non-wholly-owned subsidiary has subsequent to year-end entered into a co-operation agreement with another Indonesian marble company whereby the Group has been appointed as the general distributor in Indonesia and exclusive distributor overseas for some marble products. The Group will also have an exclusive right to use cutting and processing facilities as well as a warehouse, which are all located in the Jakarta area. This quarry is currently producing high quality marble in South Sulawesi, Indonesia, producing 300 to 500 cubic metres per month, with capacity to reach 1,000 cubic metres per month in a relatively short period of time. The Group has already generated orders for products from this quarry in excess of 5,000 square metres for a project in Indonesia, representing contract value in excess of US$200,000. The co-operation represents an excellent opportunity for the Group to move into a more integrated business model to secure a sustainable supply of quality marble products.

In addition, during the reporting period the Company through another subsidiary, entered into a distribution agreement with a company from the Sultanate of Oman that opened the Mideast marble market to the Company by appointing that company as a distributor of the Group's Indonesian marble products in Oman and the surrounding region. At the same time, the Group will broaden and expand its Asian market by becoming sole distributor of the Oman marble products in Indonesia and general distributor elsewhere.

According to the latest regulations released in January 2014, marble products (including blocks, slabs and tiles) are permitted to be exported out of Indonesia. A draft regulation has been presented to the ministry of trade in Indonesia for approval. During this interim period, there has been temporary restriction on the export of marble products. It is the Directors' understanding that certain quarry operators have obtained the required export licences and have recommenced exporting marble products out of Indonesia. Nevertheless, since the Group has generated positive response from the domestic market in Indonesia, the Directors consider the temporary ban would not materially affect the Group's marble business and Directors believe the focus of the Group's resources on the domestic market would mitigate any adverse effect.

The current operating arrangements between the Group and the concession owner do not necessitate qualification of marble resource/reserves according to international reporting standards. If and when the Group requires the qualification of the marble resources/reserves according to a reportable standard, such qualification will be completed and shared with shareholders of the Company.

Marble business — resources & reserves

As previously reported, the Company also expanded its industrial minerals business by acquiring further marble assets in Indonesia. As at the date hereof, the Company indirectly held approximately 90% of PT. Bara Hugo Energy ("**BHE**") which in turn held 37.5% of PT. Grasada Multinational ("**GM**"), which held a mining permit covering the Maros Marble Project in southwestern Sulawesi, Indonesia ("**GM Quarry**"). BHE also held warrants in GM which upon exercise will bring its shareholding in GM to 60%.

As disclosed in the Company's announcement dated 17 February 2014, the Company completed a competent person's report ("**CPR**") regarding the GM Quarry. According to the CPR, as of 30 November 2013, the total proved and probable gross (100%) mineable reserve of marble estimated was approximately 2,613,000 m^3.

Mineral resources and ore reserves defined for the GM Quarry have been reviewed for conformity with the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia in 1999 and revised in 2004 and 2012. The JORC resource and reserve estimated as of 30 November 2013 were as follows:

JORC Resource	**Marble resource (m^3)**
Measured	5,820,100
Indicated	3,880,035
Total	9,700,135

JORC Reserve	Marble reserve (m^3)	Mineable reserve (m^3)
Proved	4,481,000	1,568,000
Probable	2,987,000	1,045,000
Total	7,468,000	2,613,000

Chapter 18 of the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") requires disclosure of the key basis and assumptions adopted for the CPR. The above figures are based on, among others, deposit geology, drilling results, downslope survey and sampling information performed at the GM Quarry, details of which are set out below:

The total marble resource is estimated by parallel section and block model methods based on five diamond drill cores completed in December 2012, and five downslope profile geological surveys carried out by PT. Namsuma Luban Abadi in July 2013. Surface and drill core samples were collected for lithological analysis, joint analysis, and petrographic analysis. Geochemical tests, mechanical tests and radioactivity tests were performed by China National Quality Supervision and Testing Center for Stone Products (Guangdong). Testing items include mineralogical composition, bulk density, water absorption, compressive strength (dry and wet), flexural strength (dry and wet), abrasion resistance, internal exposure index and external exposure index.

The marble reserve is then estimated based on four discounting factors, i.e. the karst, quality, joint opening, and weathering factors. The marble reserve as reported represents the volume of marble that is at economic value. The minable marble reserve is further estimated by considering the block recovery rate, which is the percentage of marble that can be extracted in the form of raw blocks.

Unconventional natural gas business — resources

As at 31 December 2013, the Company held approximately 71.61% of the current issued common shares and preferred shares in the capital of TerraWest Energy Corp. ("**TWE**"), or approximately 82.92% of the issued common shares, preferred shares and warrants outstanding in the capital of TWE on a fully diluted basis, respectively. TWE and China National Petroleum Corporation ("**CNPC**") each hold an interest of 47% and 53%, respectively, in the Liuhuanggou coalbed methane ("**CBM**") production sharing contract dated 30 December 2005 ("**PSC**"), which is located in Xinjiang, the People's Republic of China ("**PRC**" or "**China**"). CNPC was novated into the PSC in 2011 by a Modification Agreement wherein apart from retaining part of its own management and regulatory functions, CNPC assigned all of its rights and obligations, and guaranteed the performance of such assigned rights and obligations, to PetroChina Company Limited, the publicly-listed subsidiary of CNPC, and such assignment shall not interfere with the performance of the CBM operations. The PSC is administered by PetroChina Coalbed Methane Company Ltd., an indirect subsidiary of CNPC.

Under the terms of the PSC, TWE has the right to explore for, develop, produce and sell CBM or liquid hydrocarbons extracted from CBM. CBM is defined in the PSC as all gas stored in four named geological formations of Jurassic age to a depth of 1,500 metres.

As previously reported TWE has expended several million dollars in completing several coring exploration drillholes for sampling and analysis purposes as well as several pilot production wells for exploration and gas testing purposes. All technical work completed to date and previously reported has been conducted by expert professional contractors. Also as previously reported, third party experts have evaluated TWE's exploration and drilling data and provided verification of discovered CBM resources according to international reporting standards and CBM resources/reserves according to Chinese standards. Additionally third party experts have provided verification of very substantial additional hydrocarbon resources in-place over significant areas of the PSC according to international reporting standards.

These results formed the basis for TWE's formal application for extension of the PSC exploration period according to the terms and conditions of the PSC as well as TWE's plans for the future CBM operations on the project, looking forward across the entire 30-year life of the PSC and the 20-year production period contemplated by the PSC, the original signatories of the contract and the approving ministries of the government of China.

The Company strongly believes that TWE through its planned and coordinated efforts had amassed a material asset of great value in China the value of which is protected by the terms and conditions of the PSC and ultimately by the rule of law. Indeed some of TWE's efforts yielded results of originality that were totally unexpected at the outset of the project.

As previously reported, TWE sought written clarification from CNPC regarding the CBM fairway lands within the PSC and until such clarification was received, TWE indicated it would delay CBM operations for 2013. Further updates on the matter from TWE indicate prior to year-end TWE provided to CNPC formal notice of dispute, notice of arbitration and notice of selection of arbitration procedure according to the terms and conditions of the PSC.

Summary of resources

As previously reported in 2010, an independent third party evaluation according to reporting standard National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (NI 51-101) provided gross (100%) estimates of CBM Discovered Gas Initially in Place contained in the target coal seams within a defined area ranging from the following:

	(low)	**(best)**	**(high)**
CBM Discovered Gas Initially in Place	70 billion cubic feet ("**Bcf**")	147.43 Bcf	514.07 Bcf

A further independent third party evaluation in 2011 according to the Petroleum Resources Management System (PRMS) of the Society of Petroleum Engineers (SPE) estimated a (gross) grand total Best Estimate Original Gas in Place ("OGIP") ranging from the following:

	(low)	**(best)**	**(high)**
OGIP	7.179 trillion cubic feet ("**Tcf**")	11.825 Tcf	19.185 Tcf

This updating evaluation covered the target coal seams outside the previously evaluated area and all other prospective formations for the entire PSC area.

As at 31 December 2013, there were no material changes to the resource figures mentioned above.

Chapter 18 of the Listing Rules requires disclosure of the key basis and assumptions adopted for resource and reserve numbers. The above two reports were based on the following:

The CBM Discovered Gas Initially in Place (GIIP) figures were prepared in compliance with the requirements of National Instrument NI 51-101 and the required procedures of the Canadian Oil and Gas Evaluation (COGE) Handbook, Volume 3. In addition, Geological Survey of Canada (GSC) Paper 88-21, which addresses the reporting of reserves and resources for coal deposits at various levels of tectonic deformation was utilised as required by the reporting standard to classify the tectonic state of the coal geology of the evaluated area.

According to the referenced requirements, coal volume for each resource category and for each depth increment from 300 metres to 1,500 metres was estimated for each of three main Xishanyao Formation coal seams and the Badoawan Formation coal. Coal seam thicknesses, coal density and ash content were estimated from drilling and core samples. Gas content values from coal core samples were utilised to estimate gas content for each depth increment and were applied to the coal resource values to calculate standard volumetric values of CBM Discovered GIIP.

Hydrocarbons categorised as OGIP in the Petroleum Resources Management System (PRMS) as approved by the Society of Petroleum Engineers (SPE) (2007) were estimated for coalbed methane (CBM), shale gas and tight (sandstone) gas. The CBM was estimated using reservoir area, thickness, coal density, ash content and moisture content for the main Xishanyao coal seams and the Badaowan Formation coal together with gas content data based on coal core samples. Badaowan Formation shale gas and tight gas characteristics including thickness, gas saturation, water saturation, porosity and rock density were determined from actual well logs and then used to calculate standard volumetric values of contained free gas. Adsorbed gas in shale and tight sandstone was estimated from core sample and an average value was applied. Total shale gas and tight OGIP includes both the calculated free gas and adsorbed gas. Total OGIP includes the CBM, shale gas and tight gas combined.

Conventional crude oil business

As disclosed in the announcement of the Company on 11 March 2013, EE completed the disposal of its conventional crude oil business via the disposal of 100% of its wholly-owned subsidiary, Allied Resources Limited, for a cash consideration of RMB51.5 million (equivalent to approximately HK$62.8 million). Please refer to that announcement for further details.

Business Prospects

Unconventional natural gas business

Expansion of unconventional hydrocarbon production, both oil and natural gas continued through 2013 in North America and elsewhere. The focus of this energy revolution is production from fine-grained rocks previously known to contain hydrocarbons but until early in the 21st century were non-productive.

The revolution in production technologies, mainly advances in fracture stimulation technologies, engineering and associated service practices as well as in the supporting equipment has boosted the United States to a lead position in natural gas production, boosted US domestic oil production, started a competitive race to export LNG from various sites in North America to Asia and influenced the domestic exploration agendas in several countries of the world.

Among the countries hoping to benefit from an unconventional hydrocarbon revolution is China which has several sedimentary basins thought to contain favourable geology for exploration and development.

Over the past few years China has encouraged domestic firms to explore for shale gas in selected areas within the country and the central Government has encouraged greater activity to produce more natural gas. The encouragement policies target both CBM and shale gas. As unconventional exploration and development activity expands in China the various service requirements are also seen to be more readily available which is positive to the future of the industry.

Foreign entities have not been invited to participate in the shale land auctions in China and the difficulty for foreign entities to gain access to unconventional gas exploration rights in China highlights practical problems in China's policies. This also highlights the inherent value in the PSC held by the Company through its non-wholly-owned subsidiary, TWE. No new sino-foreign CBM production sharing contracts have been awarded in China for years, either.

In various assessments of future unconventional hydrocarbon activity the Junggar basin is highlighted as a target region. At present TWE is the only company active in the southern Junggar and as previously reported its PSC has potential in both CBM and shale gas.

Other investment opportunities — industrial minerals & oilfield minerals

The industrial minerals industry supplies a nearly endless list of prospective uses and market applications globally. Within the industry, the oilfield minerals segment offers outstanding growth opportunities and profitability for a narrower range of minerals.

The Company continues to aggressively review potential investments in this segment throughout Southeast Asia with emphasis on the outstanding resource base of Indonesia. The region is already providing outstanding opportunities for growth, and the Company is actively on the lookout for additional prospective targets with advanced regulatory status.

The demand for such minerals is well understood by the Company based on its hydrocarbon industry experience. The group of minerals including but not limited to barite, bentonite, and the proppant minerals, high silica sand, kaolin and bauxite are all characterised by high unit values, exploitation by off-the-shelf technology and growing demand across a global marketplace. As reported, the proppant minerals are the focus of serious and detailed study in several regards.

The Company is reviewing projects with the potential to leverage investment in the upstream end of the business and which can generate near term cash flow but is also considering further processing especially where manufactured product such as ceramic proppant offers high value per tonne.

The Company is closely watching developments associated with changes in mineral export regulations in Indonesia.

Financial Review

Oil and gas segment

Unconventional natural gas business

During the year ended 31 December 2013, EE's unconventional natural gas businesses were still in exploration and evaluation phases.

As disclosed above, TWE has been seeking written clarification from CNPC regarding the CBM fairway lands within the PSC and therefore has delayed the start of CBM operations for 2013. As a result, the capital expenditure incurred for EE's unconventional natural gas businesses amounted to approximately HK$3.9 million for the year. TWE continued to plan for fracture stimulation of existing wells and the drilling of more pilot production wells, the total cost of which exceed the contract annual minimum expenditure level under the PSC (i.e. US$1.3 million), but which remains pending until the above clarification as well as following prescribed PSC budgeting procedures.

Conventional crude oil business

As disclosed in the announcement of the Company on 11 March 2013, EE completed the disposal of its conventional crude oil business via the disposal of 100% of its wholly-owned subsidiary, Allied Resources Limited, for a cash consideration of RMB51.5 million (equivalent to approximately HK$62.8 million). The gain accrued to the Company on the disposal is approximately HK$81.9 million, which is equal to the difference between the carrying value of the disposal group as at date of the agreement, the consideration and cumulative exchange differences.

Marble segment

During the year ended 31 December 2013, EE initiated sales in the marbles business to buyers in China amounting to approximately HK$1,058,000 (2012: Nil). The capital expenditure incurred for EE's marble business amounted to approximately HK$534,000 (2012: HK$851,000).

Information technology ("IT") and network infrastructure segment

During the year ended 31 December 2013, EE continued to focus its resources on energy-related business. The Group's revenue generated from IT related businesses for the year ended 31 December 2013 amounted to approximately HK$0.1 million (2012: HK$0.1 million).

Administrative and operating expenses

For the year ended 31 December 2013, administrative and operating expenses amounted to approximately HK$65.9 million (for the year ended 31 December 2012: HK$74.0 million), representing a decrease of approximately 10.9%. The decrease was mainly due to the decrease of share-based payment expenses.

During the year ended 31 December 2013, share-based payment expenses amounted to HK$3.6 million (2012: HK$3.3 million) in relation to share options granted to employees of the Group was charged to the consolidated income statement. The share-based payment expenses in relation to share options granted to non-employees amounted to HK$3.9 million (2012: HK$14.6 million), of which HK$2.5 million (2012: HK$9.7 million) was recorded as investor relations expenses and HK$1.4 million (2012: HK$4.9 million) was recorded as technical consultancy expenses in the consolidated income statement. These non-employees mainly comprise (i) independent consultants who will assist in the marketing and promotion of EE in terms of investors' relations; and (ii) independent expert industry consultants who will provide advices in relation to the technical aspects of EE's energy-related businesses.

Other comprehensive income

During the year ended 31 December 2013, exchange differences mainly arising on translation of the Canadian and Indonesian operations amounted to approximately HK$98.1 million (2012: HK$19.0 million) because the Canadian dollar ("**C$**") and Indonesian Rupiah ("**IDR**") depreciated by approximately 6.8% and 26.8% against the Hong Kong dollar ("**HK$**") respectively, when translating the carrying value of EE's Canadian and Indonesian subsidiaries.

Profit attributable to equity holders of the Company

As a result of the above-mentioned factors, profit attributable to equity holders of the Company for the year ended 31 December 2013 amounted to approximately HK$20.7 million (for the year ended 31 December 2012: loss of HK$73.4 million).

Liquidity and Financial Resources

For the year ended 31 December 2013, EE mainly financed its operations with funds raised from previous share placements and proceeds from the disposal of Allied Resources Limited in March 2013. As at 31 December 2013, the Group had bank balances and cash of approximately HK$37.5 million (as at 31 December 2012: HK$27.5 million). The Group's current ratio stood at approximately 1.5 as at 31 December 2013 (as at 31 December 2012: 0.6).

During the year ended 31 December 2013, the Group reported net operating cash outflow of HK$66 million. As the Group has no banking facilities or other committed financing arrangement available and taking into account the bank balances and cash as at 31 December 2013, there is uncertainty on the Group's ability to continue as a going concern. In order to improve the Group's operating performance and alleviate its liquidity risk, management is implementing measures to reduce the operating cash outflows and to raise additional financing for the Group. Apart from exercising its effort in cost control, the Group is also exploring other external financing options to obtain further financing to meet its financial obligations. Additionally, certain members of the senior management team have committed to adjust and/or defer the receipt of their remuneration until the Group has sufficient cash flows to fulfil its obligations as and when required.

On 10 May 2013, Cedrus Investments Limited, an existing shareholder of the Company, subscribed for an additional 77,500,000 new shares of the Company at HK$0.150 per new share, raising net proceeds of approximately HK$11.6 million.

EE adopts conservative treasury policies in managing its cash and financial matters, with the treasury activities mainly carried out in Hong Kong. Currently, bank balances and cash are placed in interest-bearing bank accounts denominated in HK$, Renminbi and United States dollars ("**US$**"). EE's financial risk management objectives and policies are reviewed regularly by the Board.

As at 31 December 2013, the Group had net assets of approximately HK$996.3 million (as at 31 December 2012: HK$1,056.6 million).

As at 31 December 2013, the Group continued to maintain a debt-free capital structure.

As at 31 December 2013, the Group had no payables incurred which were not in the ordinary course of business and accordingly its gearing ratio was nil (as at 31 December 2012: Nil).

Charge on Group Assets

As at 31 December 2013, the Group did not have any charge on its assets (as at 31 December 2012: Nil).

Foreign Exchange Exposure

EE mainly earned revenue and incurred costs in HK$, Renminbi, C$, IDR and US$. The Directors and senior management will continue to monitor closely the foreign exchange risk by entering into forward contracts and utilising applicable derivatives to hedge out the exchange risk when necessary.

Capital Commitments

As at 31 December 2013, the Group had capital commitments amounting to approximately HK$3.7 million (as at 31 December 2012: HK$4.2 million).

Contingent Liabilities

As at 31 December 2013, the Group had no contingent liabilities (as at 31 December 2012: Nil).

Significant Investments and Future Plans for Material Investments

During the year ended 31 December 2013, the Group did not make any significant investments or future plans for material investments.

The Group will continue to explore new opportunities in resource-related projects and to look for potential investments in Southeast Asia, the PRC and overseas.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

As disclosed in the announcement of the Company on 11 March 2013, Allied Resources Limited, being a wholly-owned subsidiary of the Company, and the purchaser, have on 11 March 2013 entered into the deed of cancellation pursuant to which the parties have agreed to terminate and release all their respective rights and obligations under and pursuant to the agreement dated 18 October 2012 in relation to the sale and purchase of 100% of Jilin Hengli Industries Liability Co., Ltd, an indirect wholly-owned subsidiary of the Company with effect from the signing of the deed of cancellation. Also on 11 March 2013, the Company and the new purchaser have entered into the disposal agreement pursuant to which the Company has agreed to sell and the new purchaser has agreed to acquire 100% of Allied Resources Limited for a cash consideration of RMB50 million and the new purchaser agreed to pay the Company the cash balance of Allied Resources Limited as at 28 February 2013 on completion. The transaction was completed on 11 March 2013. Please refer to that announcement for further details.

Save for the disposal as disclosed above, there were no other material acquisitions and/or disposals which would have been required to be disclosed under the Listing Rules.

Employees' Information

As at 31 December 2013, the Group had 56 full-time employees (as at 31 December 2012: 29) working in Hong Kong, China, Indonesia and Canada. EE remunerates its employees based on their performance, experience and the prevailing industry practice.

In addition to regular remuneration, share options may be granted to selected staff with reference to EE's performance as well as the individual's performance. Other benefits, such as medical and retirement benefits and training programs, are also provided.

CONSOLIDATED INCOME STATEMENT

The Board is pleased to announce the consolidated results of the Group for the year ended 31 December 2013, together with the comparative figures for the year ended 31 December 2012 as follows:

		Year ended 31 December	
		2013	2012
	Note	***HK$'000***	*HK$'000*
Continuing operations:			
Revenue	*4*	**1,154**	69
Cost of sales		**(266)**	(35)
Gross profit		**888**	34
Other (losses)/gains, net		**(2,008)**	1,597
Selling and distribution expenses		**(613)**	–
Administrative and operating expenses		**(65,921)**	(74,189)
Gain on disposal of subsidiaries	*11*	**81,934**	–
Finance income		**440**	442
Profit/(loss) before taxation	*5*	**14,720**	(72,116)
Income tax	*6*	**2,548**	683
Profit/(loss) for the year from continuing operations		**17,268**	(71,433)
Discontinued operations:			
Loss for the year from discontinued operations		**(21)**	(2,930)
Profit/(loss) for the year		**17,247**	(74,363)
Attributable to:			
Equity holders of the Company			
Continuing operations		**20,744**	(70,488)
Discontinued operations		**(21)**	(2,930)
		20,723	(73,418)
Non-controlling interests			
Continuing operations		**(3,476)**	(945)
		17,247	(74,363)

	Note	Year ended 31 December **2013** ***HK Cents***	2012 *HK Cents*
Earnings/(loss) per share attributable to equity holders of the Company (expressed in HK cents per share)	*8*		
Basic and diluted — from continuing operations		**0.60**	(2.26)
Basic and diluted — from discontinued operations		**0.00**	(0.09)
Basic and diluted — from profit/(loss) for the year		**0.60**	(2.35)
Dividends	*7*	**–**	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Profit/(loss) for the year	**17,247**	(74,363)
Other comprehensive (loss)/income		
Items that are or may be reclassified subsequently to profit or loss:		
Fair value (loss)/gain on available-for-sale investment	**(955)**	955
Translation reserve released upon disposal of subsidiaries	**(509)**	–
Exchange differences arising from translation of foreign operations	**(98,050)**	18,963
Other comprehensive (loss)/income for the year, net of tax	**(99,514)**	19,918
Total comprehensive loss for the year	**(82,267)**	(54,445)
Attributable to:		
Equity holders of the Company	**(37,822)**	(58,297)
Non-controlling interests	**(44,445)**	3,852
Total comprehensive loss for the year	**(82,267)**	(54,445)
Total comprehensive loss attributable to equity holders of the Company arises from:		
Continuing operations	**(37,771)**	(55,359)
Discontinued operations	**(51)**	(2,938)
	(37,822)	(58,297)

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013

		As at 31 December	
		2013	2012
	Note	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**2,078**	3,005
Exploration and evaluation assets		**1,205,190**	1,316,257
Available-for-sale investment		**377**	1,484
Club memberships		**2,700**	2,700
Deposits		**881**	574
		1,211,226	1,324,020
Current assets			
Trade receivables	*9*	**196**	2
Deposits, prepayments and other receivables		**4,576**	2,938
Financial asset at fair value through profit or loss		**900**	3,321
Bank balances and cash		**37,493**	25,884
		43,165	32,145
Assets of disposal group classified as held-for-sale		**–**	1,711
		43,165	33,856
Total assets		**1,254,391**	1,357,876

	Note	As at 31 December 2013 HK$'000	2012 HK$'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**8,734**	8,461
Share premium and reserves		**677,439**	693,598
		686,173	702,059
Non-controlling interests		**310,144**	354,589
Total equity		**996,317**	1,056,648
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**228,428**	247,733
Current liabilities			
Trade and other payables	*10*	**29,646**	33,190
Liabilities of disposal group classified as held-for-sale		**-**	20,305
		29,646	53,495
Total liabilities		**258,074**	301,228
Total equity and liabilities		**1,254,391**	1,357,876
Net current assets/(liabilities)		**13,519**	(19,639)
Total assets less current liabilities		**1,224,745**	1,304,381

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of Enviro Energy International Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investment, financial asset at fair value through profit or loss and assets/liabilities of disposal group classified as held-for-sale. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Companies Ordinance, Chapter 32 of the Laws of Hong Kong.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

As at 31 December 2013, the Group's oil and gas properties amounted to approximately HK$1,062 million. The exploration period of the underlying coalbed methane production sharing contract ("**PSC**") has expired in February 2011. As at the date of approval of the consolidated financial statements, the Group is still in the process of formally extending the exploration period of the PSC. On the basis that the Directors believe that the exploration period will be extended, and an impairment review performed as a result of the recent disputes with the counterparty over the PSC, the consolidated financial statements do not include any adjustment on the carrying amount of the oil and gas properties of the Group as at 31 December 2013 that may result if the exploration period of the PSC is not extended.

During the year ended 31 December 2013, the Group reported a net operating cash outflow of HK$66 million while the Group has bank balances and cash of HK$37 million as at 31 December 2013. As the Group has no banking facilities or other committed financing arrangement available, the above conditions indicate the existence of uncertainties which may cast doubt on the Group's ability to continue as a going concern. Notwithstanding the above, the consolidated financial statements are prepared on a going concern basis.

In order to improve the Group's operating performance and alleviate its liquidity risk, management is implementing measures to reduce the operating cash outflows and to raise additional financing for the Group. Apart from exercising its effort in cost control, the Group is also exploring other external financing options to obtain further financing to meet its financial obligations. Additionally, certain members of the senior management team have committed to adjust and/or defer the receipt of their remuneration until the Group has sufficient cash flows to fulfil its obligations as and when required.

The Company's Directors believe that the Group will be able to secure additional financing and will be successful in implementing the above-mentioned measures. The Directors, after reviewing the Group's cash flow projections prepared by management and taking into account the reasonably possible changes in the operational performance and securing further financing, believe that the Group will have sufficient financial resources in the coming twelve months to meet its financial obligations as and when they fall due. Accordingly, the Directors consider that it is appropriate to continue to prepare the consolidated financial statements on a going concern basis.

2. APPLICATION OF NEW AND REVISED HKFRS

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2013:

Amendment to HKAS 1, "Financial statement presentation" regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The impact on the adoption is shown in the consolidated statement of comprehensive income.

HKFRS 10, "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The adoption of this standard has no impact to the Group's results and financial position.

HKFRS 12, "Disclosure of interests in other entities". The new standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group has included the required disclosure in the consolidated financial statements.

HKFRS 13, "Fair value measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The Group has included the required disclosure in the consolidated financial statements.

3. SEGMENT INFORMATION

In a manner consistent with the way in which information is reported internally to the Company's Chief Executive Officer ("**CEO**"), the Group has presented the following reportable segments:

(i) Exploration, development and production of CBM and natural gas in China

(ii) Marble rock mining in Indonesia

(iii) Exploration, development and production of petroleum in China

(iv) Information technology related services in Hong Kong

For the purposes of assessing segment performance and allocating resources between segments, the CEO monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

(a) Segment assets include all tangible and intangible assets and current assets with the exception of available-for-sale investment, club memberships, financial asset at fair value through profit or loss and other unallocated corporate assets.

(b) Segment liabilities include all liabilities except for unallocated corporate liabilities.

(c) Segment results are allocated to reportable segments with reference to sales generated and expenses incurred by those segments, the other (losses)/gains, net, selling and distribution expenses, administrative and operating expenses, gain on disposal of subsidiaries, finance income, the Group's share of profits less losses of a joint venture and income tax.

An analysis of the Group's revenue and loss and certain assets, liabilities and expenditure information for the Group's reportable segments is as follows:

	Continuing operations				Discontinued operations	
	Information technology related services in Hong Kong *HK$'000*	**Gas exploration in China** *HK $'000*	**Marble rock mining in Indonesia** *HK$'000*	**Subtotal** *HK$'000*	**Oil exploration in China** *HK$'000*	**Consolidated** *HK$'000*
For the year ended 31 December 2013						
Segment revenue	96	–	1,058	1,154	–	1,154
Gross profit	51	–	837	888	–	888
Other gain, net	–	488	–	488	–	488
Selling and distribution expenses	–	–	(613)	(613)	–	(613)
Administrative and operating expenses	(2,542)	(1,784)	(7,234)	(11,560)	(21)	(11,581)
Finance income	–	2	–	2	–	2
Income tax	–	2,548	–	2,548	–	2,548
Segment results	(2,491)	1,254	(7,010)	(8,247)	(21)	(8,268)
Unallocated:						
Other losses, net						(2,496)
Administrative and operating expenses						(54,361)
Gain on disposal of subsidiaries						81,934
Finance income						438
Profit before taxation						17,247
Income tax						-
Profit for the year						17,247
As at 31 December 2013						
Segment assets	7,712	1,063,149	147,417	1,218,278	–	1,218,278
Unallocated assets						36,113
Total assets						1,254,391
Segment liabilities	541	238,498	805	239,844	–	239,844
Unallocated liabilities						18,230
Total liabilities						258,074

	Information technology related services in Hong Kong *HK$'000*	**Gas exploration in China** *HK$'000*	**Marble rock mining in Indonesia** *HK$'000*	**Oil exploration in China** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
For the year ended 31 December 2013						
Capital expenditures	5	3,907	534	–	342	4,788

	Continuing operations				Discontinued operations		
	Information technology related services in Hong Kong *HK$'000*	Gas exploration in China *HK $'000*	Marble rock mining in Indonesia *HK$'000*	Subtotal *HK$'000*	Oil exploration in China *HK$'000*	Inter-segment transaction *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2012							
Segment revenue	69	–	–	69	–	–	69
Gross profit	34	–	–	34	–	–	34
Other gain/(loss), net	–	–	–	–	2,574	(2,574)	–
Administrative and operating expenses	(2,608)	(2,280)	(1,892)	(6,780)	(2,357)	–	(9,137)
Finance income	–	–	–	–	1	–	1
Share of profits less losses of a joint venture	–	–	–	–	(3,148)	–	(3,148)
Income tax	–	683	–	683	–	–	683
Segment results	(2,574)	(1,597)	(1,892)	(6,063)	(2,930)	(2,574)	(11,567)
Unallocated:							
Other gains, net							1,597
Administrative and operating expenses							(64,835)
Finance income							442
Loss before taxation							(74,363)
Income tax							–
Loss for the year							(74,363)
As at 31 December 2012							
Segment assets	2,337	1,140,733	184,205	1,327,275	1,711	–	1,328,986
Unallocated assets							28,890
Total assets							1,357,876
Segment liabilities	602	259,064	1,352	261,018	20,305	–	281,323
Unallocated liabilities							19,905
Total liabilities							301,228

	Information technology related services in Hong Kong *HK$'000*	Gas exploration in China *HK$'000*	Marble rock mining in Indonesia *HK$'000*	Oil exploration in China *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2012						
Capital expenditures	–	8,090	851	–	152	9,093

The Group's revenue for the year ended 31 December 2013 is mainly derived from the marble rock mining segment in Pangkep Regency, South Sulawesi Province, Indonesia (2012: solely derived from its information technology related services segment in Hong Kong).

The Group's non-current assets other than available-for-sale investment as at 31 December 2013 and 2012 are further analysed as follows:

	As at 31 December	
	2013	2012
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**4,198**	4,862
China	**1,061,735**	1,134,715
Indonesia	**144,916**	182,959
	1,210,849	1,322,536

4. REVENUE

Revenue represents amount receivable for goods sold and services provided in the normal course of business.

An analysis of the Group's revenue is as follows:

	Year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Continuing operations:		
Sale of marble blocks — mine concession in Pangkep Regency	**1,058**	–
Sale of computer software	**–**	21
Network infrastructure maintenance and sale of computer hardware	**96**	48
	1,154	69

5. PROFIT/(LOSS) BEFORE TAXATION

The Group's profit/(loss) before taxation is arrived at after charging/(crediting) the following:

	Continuing operations Year ended 31 December		Discontinued operations Year ended 31 December		Total Year ended 31 December	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Cost of inventories sold	**221**	19	**–**	–	**221**	19
Depreciation of property, plant and equipment	**752**	1,226	**1**	5	**753**	1,231
Auditor's remuneration						
— Current year	**1,775**	1,730	**–**	20	**1,775**	1,750
— Over-provision in prior year	**(140)**	(53)	**–**	–	**(140)**	(53)
Operating lease payments	**4,144**	3,979	**–**	–	**4,144**	3,979
Legal and professional fees	**3,962**	5,090	**–**	23	**3,962**	5,113
Investor relations expenses						
— Cash payments	**836**	721	**–**	–	**836**	721
— Share-based payments	**2,521**	9,722	**–**	–	**2,521**	9,722
Technical consultancy expenses						
— Share-based payments	**1,421**	4,892	**–**	–	**1,421**	4,892
Staff costs, including Directors' emoluments						
— Salaries, allowances and other benefits	**28,032**	24,281	**216**	1,221	**28,248**	25,502
— Retirement benefit scheme contributions	**173**	171	**3**	14	**176**	185
— Share-based payments	**3,581**	3,270	**–**	–	**3,581**	3,270
— Discretionary and performance related incentive payments	**7,824**	5,787	**11**	–	**7,835**	5,787
Provision for impairment of amount due from a joint venture	**–**	–	**–**	549	**–**	549
Exchange (gain)/loss, net	**(39)**	1,922	**3**	287	**(36)**	2,209

6. INCOME TAX

The Company was incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands until 2021. The Company's subsidiaries established in the British Virgin Islands were incorporated under the International Business Companies Acts of the British Virgin Islands and accordingly are exempted from payment of the British Virgin Islands income taxes.

No Hong Kong profits tax has been provided as the Group did not have any assessable profits in Hong Kong for the year ended 31 December 2013 (2012: Nil).

Enterprise Income Tax has not been provided for the subsidiaries in China as they did not generate any assessable profits during the year ended 31 December 2013 (2012: Nil).

Corporate Income Tax has not been provided for the subsidiaries in Indonesia as they did not generate any assessable profits during the year ended 31 December 2013 (2012: Nil).

The Company's non-wholly-owned subsidiary, TWE, incorporated under the laws of British Columbia, Canada, has been reporting tax losses since its incorporation. The Group has recognised deferred tax asset in respect of the tax losses accumulated at TWE, to offset against TWE's deferred tax liability arising from the business combination in 2008, under the Income Tax Act (Canada).

7. DIVIDENDS

No dividend was paid or proposed for the year ended 31 December 2013 (2012: Nil).

8. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year ended 31 December 2013 and 2012.

The calculation of the basic earnings/(loss) per share attributable to the equity holders of the Company is based on the following data:

	Year ended 31 December	
	2013	2012
Profit/(loss) attributable to equity holders of the Company for the purposes of basic earnings/(loss) per share (HK$'000)		
— Continuing operations	**20,744**	(70,488)
— Discontinued operations	**(21)**	(2,930)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share ('000)	**3,463,650**	3,123,367
Basic earnings/(loss) per share (in HK cents)		
— Continuing operations	**0.60**	(2.26)
— Discontinued operations	**0.00**	(0.09)

(b) The Group had share options and warrants outstanding as at 31 December 2013. The share options and warrants did not have a dilutive effect on earnings per share for the year ended 31 December 2013 (2012: anti-dilutive).

9. TRADE RECEIVABLES

	As at 31 December	
	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**196**	2

The Group's trading terms with its customers are mainly on credit for which the credit period is generally for a period of 30 to 60 days.

An ageing analysis of the trade receivables of the Group as at the balance sheet date, based on invoice date, is as follows:

	As at 31 December	
	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**87**	1
31–60 days	**–**	–
Over 60 days	**109**	1
	196	2

As at 31 December 2013, trade receivables of HK$109,000 (2012: HK$1,000) were past due but not impaired. These relate to independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 31 December	
	2013	2012
	HK$'000	*HK$'000*
Over 60 days	**109**	1

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	As at 31 December	
	2013	2012
	HK$'000	*HK$'000*
HK$	**–**	1
US$	**196**	1
	196	2

10. TRADE AND OTHER PAYABLES

	As at 31 December	
	2013	2012
	HK$'000	*HK$'000*
Trade payables	**76**	–
Other payables	**4,872**	10,085
Consideration payable	**7,800**	7,800
Accrued liabilities	**16,898**	15,305
	29,646	33,190

The amounts are repayable according to normal trade terms from 30 to 60 days.

As at 31 December 2013, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**76**	–

11. GAIN ON DISPOSAL OF SUBSIDIARIES

On 11 March 2013, the Group completed the disposal of its conventional crude oil business via the disposal of its wholly-owned subsidiary, Allied Resources Limited.

	For the year ended 31 December 2013 *HK$'000*
Net assets disposed of:	
Property, plant and equipment	2
Deposits, prepayments and other receivables	6
Bank balances and cash	1,563
Other payables	(20,217)
	(18,646)
Add: Translation reserve	(509)
Add: Professional expenses incurred on disposal	61
	(19,094)
Gain on disposal of subsidiaries	81,934
Total consideration	62,840
Total consideration satisfied by:	
Cash	62,840

The Group and the purchaser have entered into the disposal agreement pursuant to which the Company has agreed to sell and the purchaser has agreed to acquire 100% of Allied Resources Limited for a cash consideration of RMB51.5 million (equivalent to approximately HK$62.8 million) which includes the cash balance of Allied Resources Limited as at 28 February 2013 that the purchaser has agreed to pay to the Company. The cash balance as at 28 February 2013 was HK$1,563,000. Therefore the proceeds from disposal of subsidiaries, net of professional expenses incurred on disposal and the cash balance as at 28 February 2013 is HK$61,216,000.

12. SUBSEQUENT EVENTS

(a) On 20 February 2014 and 11 March 2014, the Company, through its subsidiary, Migo Asia Pacific Limited ("Migo Asia"), entered into the Master Services Agreement and Supplemental Agreement with PT Baramas Mandiri ("Baramas"), pursuant to which (1) Migo Asia has agreed to, among others, provide to Baramas certain technical and management services, and related support to develop the oilfield minerals business of Baramas in Indonesia; and (2) Baramas has granted Migo Asia a first right of refusal to invest up to 20% of the capital of Baramas.

(b) On 21 January 2014, BHE entered into a co-operation agreement with PT. Utama Granitindo Mandiri, an independent third party, whereby PT. Utama Granitindo Mandiri has agreed to appoint BHE as general distributor in Indonesia and exclusive distributor overseas for its marble products.

In concert with the business development announced above, the Group has decided to place the operations at the marble quarry at Barabatu, Labakkang District, Pangkep Regency, South Sulawesi Province, Indonesia which is owned by an independent third party on care and maintenance.

ANNUAL GENERAL MEETING

The 2013 annual general meeting of the Company will be held on Friday, 30 May 2014 ("**AGM**") and the notice of AGM will be published and dispatched in the manner as required by the articles of association of the Company.

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 listed securities of the Company during the year ended 31 December 2013.

COMPLIANCE WITH CODE PROVISIONS

In the opinion of the Board, save as disclosed below, the Company has complied with the code provisions ("**Code Provision(s)**") of the Corporate Governance Code set out in Appendix 14 to the Listing Rules for year ended 31 December 2013 ("**CG Code**").

Under Code Provision A.2.1 of the CG Code, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chan Wing Him Kenny, an executive Director, has served both roles as the Chairman of the Board and the CEO of the Company. The Board is of the view that this has not compromised accountability and independent decision-making for the following reasons:

- the independent non-executive Directors ("**INEDs**") form the majority of the Board;

- the audit committee of the Company ("**Audit Committee**") composed exclusively of INEDs; and

- the INEDs have free and direct access to the Company's external auditors and independent professional advisers when considered necessary.

Under Code Provisions A.5.1 of the CG Code, the Company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. The role of the proposed nomination committee has been performed by the Board. The Board is of the view that this has not prejudiced the Company in appointment of directors for the following reasons:

- The INEDs form the majority of the Board; and

- The INEDs have free and direct access to the Company's independent professional advisers when considered necessary.

COMPETING BUSINESS AND CONFLICTS OF INTEREST

During the year ended 31 December 2013, Mr. Chan Wing Him Kenny, an executive Director of the Company, is a director of Petromin whilst Dr. Arthur Ross Gorrell, an executive Director of the Company, is a director, president and the chief executive officer of Petromin. Mr. Chan Wing Him Kenny and Dr. Arthur Ross Gorrell resigned as co-chairmen of Petromin effective 26 August 2013. Dr. Arthur Ross Gorrell has been redesignated as the chairman of Petromin effective 27 August 2013. As at 31 December 2013, Mr. Chan Wing Him Kenny held 1,500,000 stock options entitling him to subscribe for 1,500,000 common shares (representing approximately 2.11% of the issued common share capital) in Petromin. Dr. Arthur Ross Gorrell held 4,068,193 common shares (representing approximately 5.72% of the issued common share capital) and 1,500,000 stock options entitling him to subscribe for 1,500,000 common shares (representing approximately 2.11% of the issued common share capital) in Petromin.

Petromin is engaged in the business of acquisition and development of oil and gas properties. As of 31 December 2013, Petromin had oil and gas properties in the province of Alberta, Canada. Taking into account (i) the operation of Petromin's business in Canada which is geographically different from the Company's current project operation in China; (ii) the Company and Petromin have different target customers; and (iii) Mr. Chan Wing Him Kenny and Colpo Mercantile Inc., being the Company's controlling shareholders ("**Controlling Shareholders**"), had entered into a deed of non-competition undertakings dated 7 December 2010 in favour of the Company ("**Deed**"), the Board considers that the business of Petromin does not and will not have any direct competition with the Group's business. The term of the Deed commenced from 17 December 2010 and shall end on the occurrence of the earliest of (i) the day on which the shares of the Company ceased to be listed on the Main Board of the Stock Exchange or any stock exchange (except the delisting from the Growth Enterprise Market ("**GEM**") pursuant to the transfer of listing of the Company's shares from GEM to the Main Board of the Stock Exchange); (ii) the day on which the Controlling Shareholders cease to be interested in at least 30% of the entire issued share capital of the Company; or (iii) the day on which the Controlling Shareholders beneficially own or are interested in the entire issued share capital of the Company.

The INEDs had reviewed the compliance with the provisions of the Deed by the Controlling Shareholders and confirmed that there was no matter to be disclosed under the requirements of the Deed for the year ended 31 December 2013, save and except the following that:

1. the Company has received a Notification of New Business Opportunity dated 5 December 2013 from Mr. Chan Wing Him Kenny to the Company ("**Notification**") that he had been offered a new business opportunity to engage in a Restricted Business (as defined in the Deed) by way of acquisition of certain interests in an Indonesian company ("**New Business Opportunity**").

2. pursuant to the requirement under Clause 2.7(a) of the Deed, the INEDs held a meeting on 6 December 2013 to consider and discuss the New Business Opportunity offered to Mr. Chan and the information provided in relation thereto set out therein. The meeting was attended by all the INEDs. Notwithstanding the provision of Clause 2.7(a) of the Deed, Mr. Chan Wing Him Kenny and Dr. Arthur Ross Gorrell, the executive Directors of the Company ("**EDs**"), had been invited by the INEDs to attend the meeting. However, pursuant to the said Clause 2.7(a), they, as EDs, had not been counted towards the quorum or allowed to vote on the meeting.

3. the INEDs had discussed in details the Deed, the Notification and information relating to the New Business Opportunity. The INEDs had also taken into consideration the current financial and business status of the Company and its subsidiaries, and in particular: (i) the major unconventional gas project in Xinjiang, China is still in evaluation phase and has yet to generate any revenue for the Company, and is still expected to incur substantial capital in the upcoming period once it resolves the issues with its Chinese partner; (ii) although the Company has moved into the marble business this year, this business segment has yet to demonstrate a strong sustainable cash flow; and (iii) the cash on hand at the Company will mainly be used as working capital for the next 12 to 18 months. In addition, the New Business Opportunity will be focused on the upstream resources businesses which again have yet to demonstrate sustainable cash flow and requires certain capital expenditure. Therefore, the INEDs had unanimously resolved to reject the New Business Opportunity. The INEDs have issued a Reply to Notification dated 13 December 2013 in respect of the Company's decision and the requirement under Clause 2.10 of the Deed that the Company would disclose, among others, such decision and other decisions reviewed by the INEDs relating to the compliance and enforcement of the non-competition undertakings under the Deed in the annual report of the Company.

The Directors received from each Controlling Shareholders an annual confirmation on their compliance with the terms of the Deed, and hence the Directors confirm that the parties to the Deed were in compliance with the terms of the Deed, during the year ended 31 December 2013.

Save as disclosed above, none of the executive Directors of the Company or any of their respective associates had been interested in any business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the Group's business.

AUDIT COMMITTEE

The Audit Committee comprises three INEDs, namely, Mr. David Tsoi, Mr. Lo Chi Kit and Mr. Tam Hang Chuen, with Mr. Tsoi as the chairman.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and the effectiveness of the Group's internal controls and risk management. The Group's consolidated results for the year ended 31 December 2013 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such consolidated financial statements complied with the applicable accounting standards and requirements of the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By Order of the Board
Enviro Energy International Holdings Limited
Chan Wing Him Kenny
Chairman and Chief Executive Officer

Hong Kong, 27 March 2014

As at the date of this announcement, the Directors are:

Executive Directors
Mr. Chan Wing Him Kenny
Dr. Arthur Ross Gorrell

Independent non-executive Directors
Mr. David Tsoi
Mr. Lo Chi Kit
Mr. Tam Hang Chuen