Enerchina Holdings Limited
威華達控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 622)

2014 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "Board") of Enerchina Holdings Limited (the "Company") announces the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014 as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	**2014** **HK$'000**	2013 *HK$'000* (restated)
Turnover			
Revenue from financial services		**35,280**	22,855
Revenue from money lending		**20,079**	20,231
Gains on financial assets at fair value through profit or loss		**627,967**	371,011
		683,326	414,097
Continuing operations			
Revenue	*3*	**55,359**	43,086
Other income		**79,905**	32,238
Other gains and losses		**(16,975)**	37,146
Gains on financial assets at fair value through profit or loss		**627,967**	371,011
Allowance for consideration receivable		**–**	(255,185)
Depreciation of property, plant and equipment		**(7,723)**	(2,012)
Employee benefits expenses		**(22,571)**	(17,435)
Other expenses		**(54,983)**	(23,821)
Share of results of an associate		**(3,416)**	(1,726)
Finance costs	*4*	**(195)**	–
Profit before taxation		**657,368**	183,302
Taxation	*5*	**(141,474)**	(3,054)
Profit for the year from continuing operations	*6*	**515,894**	180,248
Discontinued operation			
Loss for the year from discontinued operation	*7*	**(4,618)**	(38,904)
Profit for the year		**511,276**	141,344
Other comprehensive (expense) income for the year			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**(327)**	2,168
Item that may be subsequently reclassified to profit or loss:			
Fair value change in available-for-sale investments		**870**	–
		543	2,168
Total comprehensive income for the year		**511,819**	143,512

	NOTE	2014 HK$'000	2013 HK$'000 (restated)
Profit for the year attributable to:			
Owners of the Company			
— Profit for the year from continuing operations		**515,894**	180,248
— Loss for the year from discontinued operation		**(4,618)**	(38,904)
Non-controlling interests		**–**	–
		511,276	141,344
Total comprehensive income attributable to:			
Owners of the Company		**511,819**	143,512
Non-controlling interests		**–**	–
		511,819	143,512
		HK cents	*HK cents*
Earnings per share	*9*		
From continuing and discontinued operations			
Basic		**7.11**	1.97
From continuing operations			
Basic		**7.18**	2.51

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2014

	NOTES	**2014** **HK$'000**	2013 *HK$'000*
Non-current assets			
Property, plant and equipment		**26,269**	71,951
Prepaid lease payments		**–**	17,532
Available-for-sale investments		**595,013**	534,262
Interests in an associate		**48,478**	43,276
Intangible assets		**3,908**	3,908
Other deposits		**280**	255
Deposit paid for acquisition of property, plant and equipment		**2,451**	21,377
Deposit paid for an investment		**6,708**	–
		683,107	692,561
Current assets			
Inventories		**–**	24,936
Prepaid lease payments		**–**	505
Trade and other receivables, deposits and prepayments	*10*	**651,937**	584,904
Entrusted loans receivable		**28,308**	–
Taxation recoverable		**107**	396
Financial assets at fair value through profit or loss		**2,037,384**	963,962
Pledged bank deposits		**–**	789
Bank balances — trust and segregated accounts		**29,651**	18,523
Bank balances (general accounts) and cash		**1,127,641**	1,709,265
		3,875,028	3,303,280
Current liabilities			
Trade and other payables	*11*	**50,985**	76,833
Taxation payable		**14,673**	2,639
Borrowings — due within one year		**–**	65,802
		65,658	145,274
Net current assets		**3,809,370**	3,158,006
Total assets less current liabilities		**4,492,477**	3,850,567

	2014	2013
	HK$'000	*HK$'000*
Non-current liabilities		
Deferred taxation	**130,091**	–
Net assets	**4,362,386**	3,850,567
Capital and reserves		
Share capital	**71,897**	71,897
Reserves	**4,282,855**	3,771,036
Equity attributable to owners of the Company	**4,354,752**	3,842,933
Non-controlling interests	**7,634**	7,634
Total equity	**4,362,386**	3,850,567

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. GENERAL

The Company is a public limited company incorporated in Bermuda as an exempted company and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Prior to the disposal of Deluxe International Investment Limited ("Deluxe"), the Group was principally engaged in investment holdings, manufacturing and sales of electrical and energy-related products, provision of securities brokerage services, placing and underwriting services, the provision of corporate finance advisory services, trading and investment of securities, provision of margin financing, money lending services, investment advisory and management services. During the year ended 31 December 2014, the Group discontinued its operation in manufacturing and sales of electrical and energy-related products upon the disposal of Deluxe in December 2014. Details of the disposal of Deluxe is disclosed in note 12.

In prior years and up to the disposal of Deluxe in December 2014, the Company's functional currency was Renminbi ("RMB"). The directors of the Company had evaluated the primary economic environment in which the Company operates, including the underlying investment activities and strategy of the Company after the disposal of Deluxe in December 2014 and have determined that the functional currency of the Company changed from RMB to Hong Kong Dollars ("HK$"). The effects of the change of the functional currency of the Company had been accounted for prospectively during the year. The consolidated financial statements are continued to be presented in HK$.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs and new interpretation issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC)-INT 21	Levies

The application of the amendments to HKFRSs and new interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[4]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[4]
Amendments to HKAS 1	Disclosure initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[4]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[3]
Amendments to HKAS 27	Equity method in separate financial statements[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle[5]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[4]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 July 2014
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2011 includes the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of HKFRS 9 was issued in September 2014 mainly to include (a) impairment requirements for financial assets; (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' measurement category for certain simple debt instruments.

All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets (e.g. the Group's unlisted shares in overseas and the People's Republic of China (the "PRC") that are currently classified as available-for-sale investments may have to be measured at fair value through profit or loss upon the adoption of HKFRS 9). Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

(A) Revenue

	2014	2013
	HK$'000	*HK$'000*
		(re-presented)
An analysis of the Group's revenue from continuing operations for the year is as follows:		
Fee and commission income	**12,924**	5,244
Interest income from margin clients	**11,412**	8,611
Interest income from loans receivable	**20,079**	20,231
Advisory and other fee income	**10,944**	9,000
	55,359	43,086

(B) Segment information

The Group determines its operating segment and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment. During the year ended 31 December 2014, securities trading and investments and money lending have become substantial operating activities to the Group, therefore they are reported separately to the chief operating decision makers and hence each constitute a reportable and operating segment. Also, operation regarding the manufacture and sale of electrical and energy-related products was discontinued as a result of disposal of Deluxe. The segment information reported below does not include any amounts for the discontinued operation. Details of the discontinued operation are set out in note 7.

During the year ended 31 December 2014, the Group's reportable and operating segments are as follows:

(a) the provision of securities brokerage and provision of financial, consultancy and corporate financial advisory services ("Financial Services");

(b) securities trading and investments; and

(c) money lending.

Segment turnover and results

The following is an analysis of the Group's turnover and results by reportable and operating segment.

For the year ended 31 December 2014

	Financial services *HK$'000*	**Securities trading and investments** *HK$'000*	**Money lending** *HK$'000*	**Consolidated** *HK$'000*
Turnover				
Revenue from financial services	**35,280**	**–**	**–**	**35,280**
Revenue from money lending	**–**	**–**	**20,079**	**20,079**
Total revenue	**35,280**	**–**	**20,079**	**55,359**
Gains on financial assets at fair value through profit or loss	**–**	**627,967**	**–**	**627,967**
Total turnover, representing segment revenue	**35,280**	**627,967**	**20,079**	**683,326**
Segment profit	**116**	**660,167**	**16,584**	**676,867**
Unallocated other income				**38,468**
Net exchange loss				**(3,296)**
Impairment losses in respect of an available-for-sale investment				**(5,000)**
Provision of financial guarantees				**(8,629)**
Share of results of an associate				**(3,416)**
Central corporate expenses				**(37,626)**
Profit before taxation from continuing operations				**657,368**

Segment turnover and results — continued

For the year ended 31 December 2013 (re-presented)

	Financial services *HK$'000*	Securities trading and investments *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Turnover				
Revenue from financial services	22,855	–	–	22,855
Revenue from money lending	–	–	20,231	20,231
Total revenue	22,855	–	20,231	43,086
Gains on financial assets at fair value through profit or loss	–	371,011	–	371,011
Total turnover, representing segment revenue	22,855	371,011	20,231	414,097
Segment profit	7,151	377,880	13,664	398,695
Unallocated other income				22,770
Net exchange gain				37,146
Allowance for consideration receivable				(255,185)
Share of results of an associate				(1,726)
Central corporate expenses				(18,398)
Profit before taxation from continuing operations				183,302

Segment turnover from continuing operations includes revenue from financial services and money lending operations. In addition, the chief operation decision makers also consider gains on financial assets at fair value through profit or loss as segment turnover.

The accounting policies of the reportable and operating segment are the same as the Group's accounting policies. Segment result represents the profit earned by each segment without allocation of, certain other income, certain other gains and losses, allowance for consideration receivable, impairment loss in respect of available-for-sale investments, provision of financial guarantees, share of results of an associate, central corporate expenses and taxation. This is the measure reported to the executive directors for the purposes of resource allocation and performance assessment.

4. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Interest on other borrowings wholly repayable within five years	**195**	–

5. TAXATION

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Taxation for the year comprises:		
Hong Kong Profits Tax	**11,383**	3,054
Deferred tax charged	**130,091**	–
	141,474	3,054

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2014 (2013: 16.5%).

6. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2014	2013
	HK$'000	*HK$'000*
		(restated)
Profit for the year from continuing operations has been arrived at after charging (crediting):		
Minimum lease payments under operating leases in respect of rented premises	**9,772**	6,606
Net exchange loss (gain)	**3,296**	(37,146)

7. DISCONTINUED OPERATION

On 7 October 2014, Enerchina Investments Limited, a wholly-owned subsidiary of the Company, signed an asset sale agreement with an independent third party and Enerchina Investments Limited agreed to sell entire equity interest in Deluxe at a consideration of HK$25,500,000 in cash. This disposal is completed on 3 December 2014. Deluxe and its subsidiary are principally engaged in operation of manufacture and sale of electrical and energy-related products. Upon the disposal of Deluxe, the directors of the Company considered that the operation of manufacture and sale of electrical and energy-related products is discontinued. Details of the disposal of Deluxe are disclosed in note 12.

The results of and loss for the year from the discontinued operation for the year ended 31 December 2014 and 2013 are analysed as follows:

	2014	2013
	HK$'000	*HK$'000*
Revenue	**54,735**	51,819
Other income	**428**	112
Impairment loss on property, plant and equipment	**–**	(20,419)
Changes in inventories of finished goods and work in progress	**(6,062)**	(7,830)
Raw materials and consumables used	**(31,787)**	(34,075)
Depreciation of property, plant and equipment	**(5,208)**	(5,652)
Release of prepaid lease payments	**(459)**	(499)
Employee benefit expenses	**(12,895)**	(15,070)
Administrative and other expenses	**(3,805)**	(4,220)
Finance costs	**(5,010)**	(3,070)
Loss before taxation	**(10,063)**	(38,904)
Taxation	**–**	–
Loss for the year	**(10,063)**	(38,904)
Gain on disposal of subsidiaries	**5,445**	–
Loss for the year from discontinued operation	**(4,618)**	(38,904)

Loss for the year from discontinued operation included the following:

	2014	2013
	HK$'000	*HK$'000*
Write-down on inventories	**–**	2,419
Impairment loss in respect of property, plant and equipment	**–**	20,419
Interest income	**213**	112

During the year ended 31 December 2014, the operation of manufacture and sale of electrical and energy-related products generated HK$28,012,000 (2013: paid HK$1,507,000) in respect of the Group's net operating cash flows, paid HK$30,046,000 (2013: HK$335,000) in respect of investing activities and paid HK$2,127,000 (2013: received HK$6,304,000) in respect of financing activities.

8. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period.

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2014 (2013: nil).

9. EARNINGS PER SHARE

For continuing and discontinued operations

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	2014	2013
	HK$'000	*HK$'000*
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company)	**511,276**	141,344

Number of shares

	2014	2013
Number of ordinary shares in issue during the year	**7,189,655,664**	7,189,655,664

No separate diluted earnings per share information has been presented as there were no potential ordinary shares outstanding for both years.

From continuing operations

The calculation of the basic earnings per share from continuing operations attributable to owners of the Company is based on the following data:

	2014	2013
	HK$'000	*HK$'000*
Earnings are calculated as follows:		
Profit for the year attributable to the owners of the Company	**511,276**	141,344
Add: loss for the year from discontinued operation	**4,618**	38,904
Earnings for the purposes of basic earnings per share from continuing operations	**515,894**	180,248

The denominators used are the same as those detailed above for basic earnings per share.

From discontinued operation

Basic loss per share from discontinued operation is HK0.07 cents per share (2013: HK0.54 cents per share), based on the loss for the year from discontinued operation of HK$4,618,000 (2013: HK$38,904,000) and the denominators detailed above for basic earnings per share.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2014	2013
	HK$'000	*HK$'000*
Trade and bills receivables arising from sales of electrical supplies	**–**	28,720
Trade receivables arising from the business of advisory for corporate finance and investment management	**370**	400
Trade receivables arising from secured margin clients	**110,428**	220,439
Trade receivables arising from the provision of securities brokerage business with Hong Kong Securities Clearing Company Limited ("HKSCC")	**1,885**	–
Deposits with securities brokers	**33,790**	32,590
Loans to independent third parties *(note (a))*	**465,665**	289,117
Amount due from Deluxe *(note (b))*	**20,000**	–
Other receivables, deposits and prepayments	**19,799**	13,638
	651,937	584,904

Notes:

(a) The fixed-rate loans receivables as at 31 December 2014 represent loan advances to independent third parties of HK$81,840,000 (2013: Nil), which are secured by the pledge of certain collaterals and personal guarantees and have contractual loan period between 3 months and 1 year as at 31 December 2014 and 2013 under the Group's money lending operation. The average interest rate for the loans receivable was ranging from 7% to 36% (2013: 5% to 15%) per annum.

(b) The amount is unsecured and interest-free. 50% of the amount will be repaid six months after the completion of disposal of Deluxe and remaining amount will be repaid 1 year after the completion of disposal of Deluxe according to the sale and purchase agreement.

The Group allows an average credit period of 90 days to its trade customers from sales of electrical supplies. The following is an aged analysis of trade and bills receivables from sales of electrical supplies, presented based on the invoice date (which approximate the date of revenue recognition) as of 31 December 2013:

	2013
	HK$'000
Within 90 days	19,578
91–180 days	9,142
	28,720

Included in the Group's trade debtors from sales of electrical supplies were debtors with aggregate carrying amount of HK$9,142,000 which were past due as at 31 December 2013 for which the Group had not provided for impairment loss. The directors of the Company determined that these receivables were either due from customers of good credit quality with no history of default. The Group did not hold any collateral over these balances.

The aged analysis of trade debtors from sales of electrical supplies which were past due but not impaired as of 31 December 2013 is as follows:

	2013
	HK$'000
91–180 days	9,142

Trade receivables arising from secured margin clients are repayable on demand and bear interest ranging from 8% to 24% (2013: 8% to 24%) per annum for year ended 31 December 2014. The loans are secured by pledged marketable securities with a total fair value of approximately HK$964,784,000 (2013: HK$1,204,085,000). The fair value of pledged marketable securities of the individual margin clients is higher than the corresponding outstanding loans. The Group is permitted to sell or repledge the marketable securities if the customers default on the payment as requested by the Group. In the opinion of the directors of the Company, no aged analysis is disclosed as the aged analysis does not give additional value. Entire amount of trade receivables arising from secured margin clients are neither past due nor impaired as at 31 December 2014 and 2013.

The settlement terms of trade receivables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date. No aged analysis is disclosed as in the opinion of directors of the Company, the aged analysis does not give additional value in view of the nature of brokerage business.

In determining the recoverability of the trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted, subsequent settlement and the fair value of pledged marketable securities up to the reporting date. In the opinion of the directors of the Company, there is no provision required.

11. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Trade payables arising from sales of electrical supplies	**–**	13,433
Trade payables arising from the provision of securities brokerage business with HKSCC	**–**	333
Trade payables to cash clients	**30,391**	5,207
Provision of financial guarantee	**8,629**	–
Other payables and accrued charges	**11,965**	57,860
	50,985	76,833

The following is an aged analysis of trade payables arising from sales of electrical supplies presented based on the invoice date at 31 December 2013:

	2013
	HK$'000
Within 90 days	6,747
91–180 days	1,416
181–360 days	3,203
Over 360 days	2,067
	13,433

The settlement terms of trade payables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date. No aged analysis is disclosed as in the opinion of directors of the Company, the aged analysis does not give additional value in view of the nature of brokerage business.

Trade payables to cash clients are repayable on demand. In the opinion of the directors of the Company, no aged analysis is disclosed as the aged analysis does not give additional value.

12. DISPOSAL OF SUBSIDIARIES

As described in note 7, Enerchina Investments Limited, the wholly-owned subsidiary of the Company, disposed the entire equity interest in Deluxe at a consideration of HK$25,500,000 in cash to an independent third party. The net assets of Deluxe and its subsidiary at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	53,499
Prepaid lease payments	17,462
Inventories	18,886
Tax recoverable	111
Trade and other receivables, deposits and prepayments	31,748
Pledged bank deposits	29,305
Bank balances (general accounts) and cash	2,706
Trade and other payables	(69,414)
Amount due to the Group	(20,000)
Borrowings	(44,248)
	20,055
Gain on disposal of subsidiaries:	
Cash consideration	25,500
Net assets disposed of	(20,055)
Gain on disposal of subsidiaries	5,445
Net cash inflow arising on disposal:	
Cash consideration	25,500
Less: bank balances and cash disposed of	(2,706)
	22,794

The impact of Deluxe on the Group's results and cash flows for the year ended 31 December 2014 are disclosed in note 7.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally engages in the financial services sector, including the provision of securities brokerage services, placing and underwriting services, the provision of corporate finance advisory services, trading and investment of securities, provision of margin financing, money lending services, investment advisory and management services as well as investment holdings. Following completion of the disposal of the entire interest of Henan ADD Electric Equipment Co., Ltd., the Group ceased to operate the electrical and energy-related business on 3 December 2014.

For the year ended 31 December 2014, the Group's turnover from continuing operations amounted to approximately HK$683.3 million, an increase of 65% over last year. Profit for the year significantly increased by 262% to HK$511.3 million. Basic earnings per share from continuing operations and discontinuing operation rose 261% to HK7.11 cents. The growth in net profit was mainly attributable to gains on financial assets at fair value through profit or loss.

PRINCIPAL OPERATIONS

During the year, the Group disposed its loss making business being the electrical and energy-related business. The Group now focuses on being a one-stop integrated financial services provider, offering an extensive range of financial services to its customers, as well as generating attractive returns by trading and investment in securities and explore new potential investment opportunities. The Group will continue to use best endeavours to identify new investment opportunities from time to time in order to maximize returns for our shareholders.

Existing business operations

The Group's turnover for the year ended 31 December 2014 increased by approximately 65% to HK$683.3 million when compared to HK$414.1 million in 2013. Income from sale of securities included in trading of securities segment recorded a gain of HK$628.0 million (2013: HK$371.0 million). Dividend income from investments included in trading of securities segment increased by approximately 369% to HK$32.2 million when compared to HK$6.9 million in 2013, which was mainly due to more dividends were received by the Group from listed securities. Interest income from money lending services slightly decreased by approximately 1% to HK$20.1 million when compared to HK$20.2 million in 2013 as the average interest rates charged to the customers dropped during the current year. Corporate finance advisory fees increased by approximately 27% to HK$4.4 million when compared to HK$3.5 million in 2013. Corporate finance advisory segments results improved as a result of increase in customers' portfolio. Income from securities brokerage, placing, underwriting and margin financing services, was HK$24.3 million, representing an increase of approximately 76% when compared to HK$13.9 million in 2013 as more sizeable underwriting, sub-underwriting, placing and sub-placing transactions were undertaken during the current year. Investment advisory services increased by approximately 18% to HK$6.5 million when compared to HK$5.5 million in 2013.

Discontinued business operations

I. *Disposal of Henan ADD Electric Equipment Co., Ltd. ("Henan ADD") — High-voltage Porcelain Products during the year ended 31 December 2014*

In October 2014, Enerchina Investments Limited ("Enerchina Investments"), a direct wholly-owned subsidiary of the Company, and SinyNet Storage Technology (Asia) Co., Ltd ("SinyNet Storage") entered into a conditional sale and purchase pursuant to which Enerchina Investments agreed to sell and SinyNet Storage agreed to acquire the entire issued share capital of Deluxe International Investment Limited ("Deluxe"), an indirect wholly-owned subsidiary of the Company, at a consideration of HK$25,500,000 and SinyNet Storage agreed to accept the assignment of the shareholder's loan advanced by Enerchina Investments to Deluxe from Enerchina Investments at a consideration of HK$20,000,000, the aggregate consideration of which equals to approximately HK$45,500,000 (the "Disposal"). The Disposal was approved by the shareholders of the Company at the special general meeting held on 21 November 2014. The Disposal was completed on 3 December 2014 and recorded a loss from discontinued operation amounted HK$4.6 million. Upon completion, the Company did not have any interest in Deluxe and Deluxe together with Henan ADD Electric Equipment Co., Ltd was ceased to be subsidiaries of the Company.

II. *Updates on the previous disposal of shares in Shenzhen Fuhuade Electric Power Co., Ltd. ("Fuhuade")*

During the year ended 31 December 2011, the Group disposed of its 100% equity interest in Fuhuade to CNOOC Gas & Power Group (the "CNOOC Gas" or "Buyer"). The total consideration of the disposal of RMB1,037,642,000 (equivalent to approximately HK$1,247,166,000) was payable in instalments, the payment of which was subject to finalisation and confirmation of the results of supplemental audit. As at 31 December 2012, the supplemental audit was not yet finalized and the outstanding instalments were not received from the Buyer. In view of this, the Group made a provision for doubtful consideration receivable of HK$93,132,000 for the year ended 31 December 2012.

As at 31 December 2013, the Group was still not able to secure a satisfactory conclusion on the supplemental audit. Under the circumstances, the Board was of the opinion that the timing and eventual outcome of the finalisation of the supplemental audit and hence the settlement of the outstanding instalments cannot be estimated with reasonable certainty. It was determined that the receivable amount should be fully provided for until such time as the eventual outcome can be reliably estimated. Accordingly, the Group fully wrote down the receivable amount of HK$255,185,000, being the amount of consideration receivable amounting to HK$358,921,000 as originally stated after deducting estimated other taxes payable arising from the disposal of the subsidiary of HK$103,736,000, in the profit and loss account for the year ended 31 December 2013.

During the year, legal recourse has been sought and waiting for the decision from the court. Notwithstanding the provision made against the doubtful consideration receivable, the management of the Company will continue to take all necessary measures to defend the interest of the Group.

FINANCIAL POSITION

The Group's total borrowings amounted HK$65.8 million as at 31 December 2013 (31 December 2014: nil) Gearing ratio as at 31 December 2013, calculated on the basis of total borrowing over shareholders' equity, was 1.7% (31 December 2014: nil).

The Group's financial services business is not exposed to foreign exchange risk as most of the transactions are denominated in HK$. No financial instruments were used for hedging purposes.

The Group's cash and cash equivalents amounted to HK$1,127.6 million as at 31 December 2014 and are mostly denominated in RMB, HK$ and USD.

Capital commitments

As at 31 December 2014, the Group had capital commitments in respect of the acquisition of an entity incorporated in the BVI amounting to HK$60.4 million that have not been provided for in the financial statements.

PROSPECTS

Shanghai-Hong Kong Stock Connect Scheme, a cross-border investment channel launched in November 2014, is one of the milestones in the development of capital markets in China. Against a backdrop of large worldwide investor base and abundant capital pool, the Group is optimistic to capitalise on Hong Kong's unique position as the gateway to the Mainland China and the Asia Pacific market. We believe a great amount of investment and development opportunities still exist in Hong Kong and the PRC market. We will continue to improve the management of our existing businesses and projects; and will actively seek new business and investment opportunities so as to enhance the value of the Company for all shareholders.

The Board believes that the outlook of the financial services sector is positive. The Company is expanding its professional team and enhancing its capability to cope with the expected increase in business opportunities, and is also actively expanding the service platform and customer base in its financial businesses to develop new streams of revenue and returns for the Company.

FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group employed approximately 33 full time employees. The Group recognizes the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. In addition, share options may be granted to certain eligible directors and employees of the Group in accordance with the terms of the approved share option scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2014.

CORPORATE GOVERNANCE

During the year, the Company has complied with the code provisions as set out in the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 December 2014, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee ("Audit Committee") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors, namely, Mr. Lam Ping Cheung, Dr. Xiang Bing and Mr. Xin Luo Lin. The Audit Committee meets regularly with the Company's senior management and the Company's auditor to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The annual results of the Group for the year ended 31 December 2014 had been audited by the Company's auditor, Deloitte Touche Tohmatsu, and had been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company ("AGM") was scheduled to be held on Wednesday, 20 May 2015. The notice of AGM will be published on the Company's website at www.enerchina.com.hk and the designated website of the Stock Exchange at www.hkexnews.hk in due course.

The register of members of the Company will be closed from Monday, 18 May 2015 to Wednesday, 20 May 2015, both days inclusive, during which period no share transfer will be effected. In order to identify the entitlement for attending the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 15 May 2015.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the staff and management team of the Group for their contribution during the year and also to give my sincere gratitude to all our shareholders for their continual support all these years.

By Order of the Board
Enerchina Holdings Limited
Chen Wei
Chairman

Hong Kong, 17 March 2015

As at the date of this announcement, the Board comprises Mr. Chen Wei (Chairman), Mr. Sam Nickolas David Hing Cheong (Chief Executive Officer), Mr. Xiang Ya Bo and Mr. Tang Yui Man Francis as executive directors; and Mr. Lam Ping Cheung, Dr. Xiang Bing and Mr. Xin Luo Lin as independent non-executive directors.