Enerchina Holdings Limited
威華達控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 622)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015 as follow:

* *for identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	**2015** *HK$'000*	2014 *HK$'000*
Turnover			
Revenue from money lending		**29,944**	20,079
Revenue from financial services		**23,485**	35,280
Gains on financial assets at fair value through profit or loss		**927,818**	627,967
		981,247	683,326
Continuing operations			
Revenue	*3*	**53,429**	55,359
Other income	*4*	**55,024**	79,905
Other gains and losses	*5*	**4,373**	(16,975)
Gains on financial assets at fair value through profit or loss		**927,818**	627,967
Depreciation of property, plant and equipment		**(13,770)**	(7,723)
Employee benefits expenses		**(39,640)**	(22,571)
Other expenses		**(104,834)**	(54,983)
Share of results of an associate		**(2,844)**	(3,416)
Finance costs	*6*	**(15,472)**	(195)
Profit before taxation		**864,084**	657,368
Taxation	*7*	**(151,013)**	(141,474)
Profit for the year from continuing operations	*8*	**713,071**	515,894
Discontinued operation			
Loss for the year from discontinued operation	*9*	**–**	(4,618)
Profit for the year		**713,071**	511,276
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		**(57,434)**	(327)
Item that may be subsequently reclassified to profit or loss:			
Fair value change in available-for-sale investments		**3,883**	870
		(53,551)	543
Total comprehensive income for the year		**659,520**	511,819

	NOTE	**2015**	2014
		HK$'000	*HK$'000*
Profit for the year attributable to:			
Owners of the Company			
– Profit for the year from continuing operations		**713,071**	515,894
– Loss for the year from discontinued operation		**–**	(4,618)
Non-controlling interests		**–**	–
		713,071	511,276
Total comprehensive income attributable to:			
Owners of the Company		**659,520**	511,819
Non-controlling interests		**–**	–
		659,520	511,819
		HK cents	*HK cents*
Earnings per share	*11*		
From continuing and discontinued operations			
Basic		**9.91**	7.11
Diluted		**9.88**	7.11
From continuing operations			
Basic		**9.91**	7.18
Diluted		**9.88**	7.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**189,327**	26,269
Available-for-sale investments		**973,765**	595,013
Interests in an associate		**–**	48,478
Intangible assets		**3,908**	3,908
Other deposits		**535**	280
Deposit paid for acquisition of property, plant and equipment		**37,248**	2,451
Deposit paid for an investment		**–**	6,708
		1,204,783	683,107
Current assets			
Trade and other receivables, deposits and prepayments	*12*	**487,551**	651,937
Entrusted loans receivable		**–**	28,308
Taxation recoverable		**–**	107
Financial assets at fair value through profit or loss	*13*	**2,751,599**	2,037,384
Short-term bank deposits		**63,246**	–
Bank balances – trust and segregated accounts		**17,114**	29,651
Bank balances (general accounts) and cash		**998,659**	1,127,641
		4,318,169	3,875,028
Current liabilities			
Trade and other payables	*14*	**40,584**	50,985
Taxation payable		**66,372**	14,673
		106,956	65,658
Net current assets		**4,211,213**	3,809,370
Total assets less current liabilities		**5,415,996**	4,492,477
Non-current liabilities			
Deferred taxation		**216,406**	130,091
Convertible notes liability		**101,150**	–
		317,556	130,091
Net assets		**5,098,440**	4,362,386
Capital and reserves			
Share capital		**71,939**	71,897
Reserves		**4,970,017**	4,282,855
Equity attributable to owners of the Company		**5,041,956**	4,354,752
Non-controlling interests		**56,484**	7,634
Total equity		**5,098,440**	4,362,386

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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, 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 are disclosed in note 16.

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 issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle

The application of the amendments to HKFRSs 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[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[2]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[2]
Amendments to HKAS 1	Disclosure initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[2]
Amendments to HKAS 27	Equity method in separate financial statements[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after a date to be determined

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 at cost will may have to be measured at fair value 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

	2015	2014
	HK\$'000	*HK\$'000*
An analysis of the Group's revenue from continuing operations for the year is as follows:		
Fee and commission income	**7,116**	12,924
Interest income from margin clients	**5,894**	11,412
Interest income from loans receivable	**29,944**	20,079
Advisory and other fee income	**10,475**	10,944
	53,429	55,359

(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, operations regarding the manufacture and sale of electrical and energy-related products were 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 9.

Subsequent to the disposal of Deluxe, 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 2015

	Financial services *HK$'000*	Securities trading and investments *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Turnover				
Revenue from financial services	**23,485**	**–**	**–**	**23,485**
Revenue from money lending	**–**	**–**	**29,944**	**29,944**
Total revenue	**23,485**	**–**	**29,944**	**53,429**
Gains on financial assets at fair value through profit or loss	**–**	**927,818**	**–**	**927,818**
Total turnover, representing segment revenue	**23,485**	**927,818**	**29,944**	**981,247**
Segment (loss) profit	**(51,355)**	**929,328**	**3,611**	**881,584**
Unallocated other income				**38,107**
Net exchange gain				**1,608**
Release of provision of financial guarantees				**4,293**
Loss on disposal of an associate				**(3,218)**
Share of results of an associate				**(2,844)**
Central corporate expenses				**(55,446)**
Profit before taxation from continuing operations				**864,084**

For the year ended 31 December 2014

	Financial services	Securities trading and investments	Money lending	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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 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 or loss incurred by each segment without allocation of certain other income, certain other gains and losses, impairment loss in respect of available-for-sale investments, release of (provision of) financial guarantees, loss on disposal of an associate, share of results of an associate and central corporate expenses. This is the measure reported to the executive directors for the purposes of resource allocation and performance assessment.

4. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Interest income on:		
– bank deposits	**31,889**	31,775
– entrusted loans receivable	**2,519**	2,826
– listed bonds at fair value through profit or loss	**5,482**	6,116
– others	**731**	577
	40,621	41,294
Dividend income from financial assets at fair value through profit or loss:		
– listed investments held for trading	**10,702**	30,677
– unlisted investment funds	**–**	1,523
Others	**3,701**	6,411
	55,024	79,905

5. OTHER GAINS AND LOSSES

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Net exchange gain (loss)	**1,608**	(3,296)
Gain (loss) on disposal of property, plant and equipment	**2,608**	(50)
Impairment losses in respect of an available-for-sale investment	**–**	(5,000)
Gain on disposal of an available-for-sale investment	**3,313**	–
Loss on disposal of an associate	**(3,218)**	–
Release on (provisions of) financial guarantees	**4,293**	(8,629)
Impairment loss in respect of trade receivables	**(4,231)**	–
	4,373	(16,975)

6. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Interest on other borrowings	**15,472**	195

7. TAXATION

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Taxation for the year comprises:		
Hong Kong Profits Tax	**64,698**	11,383
Deferred tax charge	**86,315**	130,091
	151,013	141,474

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2015 (2014: 16.5%).

8. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2015	2014
	HK$'000	*HK$'000*
Profit for the year from continuing operations has been arrived at after crediting:		
Gains on financial assets at fair value through profit or loss	**927,818**	627,967

9. 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 was completed on 3 December 2014. Deluxe and its subsidiary were 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 16.

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

	HK$'000
Revenue	54,735
Other income	428
Impairment loss on property, plant and equipment	–
Changes in inventories of finished goods and work in progress	(6,062)
Raw materials and consumables used	(31,787)
Depreciation of property, plant and equipment	(5,208)
Release of prepaid lease payments	(459)
Employee benefit expenses	(12,895)
Administrative and other expenses	(3,805)
Finance costs	(5,010)
Loss before taxation	(10,063)
Taxation	–
Loss for the year	(10,063)
Gain on disposal of subsidiaries	5,445
Loss for the year from discontinued operation	(4,618)

Loss for the year ended 31 December 2014 from discontinued operation included the following:

	HK$'000
Interest income	213

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

10. 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 2015 (2014: nil).

11. EARNINGS PER SHARE

For continuing and discontinued operations

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

Earnings

	2015	2014
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**713,071**	511,276
Effect of dilutive potential ordinary shares:		
Adjustment to the share of profit of subsidiaries due to the potential exercise of convertible notes of a subsidiary	**–**	–
Earnings for the purpose of diluted earnings per share	**713,071**	511,276

Number of shares

	2015	2014
Weighted average number of ordinary shares in issue during the year, for the purpose of basic earnings per share	**7,192,239,157**	7,189,655,664
Effect of dilutive potential ordinary shares:		
– share options	**28,117,893**	–
Weighted average number of ordinary shares in issue during the year, for the purpose of diluted earnings per share	**7,220,357,050**	7,189,655,664

For the year ended 31 December 2015, the computation of diluted earnings per share has not assumed the exercise of the Company's warrants and certain of the Company's share options as the exercise price was higher than the average market price of shares during the period that the warrants and share options were in issue.

For the year ended 31 December 2014, the computation of diluted earnings per share has not assumed the exercise of the Company's share options as the exercise price was higher than the average market price of shares during the year.

From continuing operations

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

	2015 *HK$'000*	2014 *HK$'000*
Earnings are calculated as follows:		
Profit for the year attributable to the owners of the Company	**713,071**	511,276
Add: loss for the year from discontinued operation	**–**	4,618
Earnings for the purposes of basic and diluted earnings per share from continuing operations	**713,071**	515,894

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

From discontinued operation

During the year ended 31 December 2014, basic and diluted loss per share from discontinued operation is HK0.07 cents per share, based on the loss for the year from discontinued operation of HK$4,618,000 and the denominators detailed above for basic and diluted earnings per share.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015 *HK$'000*	2014 *HK$'000*
Trade receivables arising from the business of advisory for corporate finance and investment management	**1,900**	370
Trade receivable from cash clients	**9,584**	89
Trade receivable from margin clients *(note (c))*	**38,319**	110,339
Trade receivables arising from the provision of securities brokerage business with Hong Kong Securities Clearing Company Limited ("HKSCC")	**–**	1,885
Deposits with securities brokers *(note (b))*	**100,215**	33,790
Loans to independent third parties *(note (a))*	**308,456**	465,665
Amount due from Deluxe	**10,000**	20,000
Other receivables, deposits and prepayments	**19,077**	19,799
	487,551	651,937

Notes:

(a) Loans receivables as at 31 December 2015 include fixed rate loan advances to independent third parties of HK$56,905,000 (2014: HK$81,840,000) 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 2015 and 2014 under the Group's money lending operation. The management of the Group believes that the amount is considered recoverable given the fair value of the collaterals is sufficient to cover the entire loan balance for each of the secured loan advances. The remaining balance of HK$251,551,000 (2014: HK$383,825,000) is unsecured, a substantial portion of which was settled subsequent to year end. The average interest rate for the loans receivable was ranging from 7.5% to 24% (2014: 7% to 36%) per annum.

    The amount granted to individuals depends on management's assessment of credit risk on the customers by evaluation on background check (such as their professional, their salaries and current working position) and repayment abilities by means by analysis of the market value of the securities portfolio of the customers in the Group's brokerage accounts. The Group determines the allowance of impaired debts based on the evaluation of collectability and aged analysis of accounts and on the management's judgement, including assessment of change of credit quality and the past collection history of each customer. There are no loans receivables which were past due at the end of reporting period and the directors of the Company consider that no impairment was necessary. There is no concentration of credit risk on loans receivable as the exposure spread over a number of customers.

(b) Deposits with securities brokers represented the funds placed with the brokers' houses for securities trading purpose.

(c) Trade receivable from margin clients are repayable on demand and bear interest ranging from 8% to 24% (2014: 8% to 24%) per annum for year ended 31 December 2015. The loans are secured by pledged marketable securities with a total fair value of approximately HK$190,197,000 (2014: HK$964,784,000). 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 when 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 receivable from margin clients are neither past due nor impaired as at 31 December 2015 and 2014.

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.

Movement in allowance for bad and doubtful debts

	2015	2014
	HK$'000	*HK$'000*
Balance at the beginning of the year	**–**	–
Impairment loss recognised	**4,231**	–
Balance at the end of the year	**4,231**	–

Included in the allowance for bad and doubtful debts are individually impaired trade receivables with an aggregate balance of HK$4,231,000 (2014: nil) as at 31 December 2015, mostly representing loans to independent third parties which have been in severe financial difficulties in repaying their outstanding balances. The Group does not hold any collateral over these balances.

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, no further impairment is required in excess of the allowance for bad and doubtful debt.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
	HK$'000	*HK$'000*
Investments held for trading:		
Listed shares in Hong Kong	**2,560,790**	1,818,351
Listed shares in elsewhere	**34,376**	16,084
Unlisted investment funds	**89,043**	127,040
Listed bonds in overseas issued by listed companies *(note)*	**44,460**	63,645
Listed bonds in Hong Kong issued by listed companies *(note)*	**22,930**	12,264
	2,751,599	2,037,384

Note: These bonds bear interest from 5.35% to 13% per annum and mature from year 2016 to year 2020.

14. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables arising from the provision of securities brokerage business with HKSCC	**11,308**	–
Trade payable to cash clients	**3,455**	1,841
Trade payable to margin clients	**13,413**	28,550
Provision of financial guarantee *(note 17)*	**–**	8,629
Other payables and accrued charges	**12,408**	11,965
	40,584	50,985

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 and margin 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.

15. WARRANTS

On 11 May 2015, the Company entered into a conditional warrant placing agreement (the "Warrant Placing Agreement") with Win Wind Securities Limited (the "Warrant Placing Agent"), a wholly-owned subsidiary of the Company, pursuant to which the Company agreed to grant and the Warrant Placing Agent agreed to procure not less than six professional investors (the "Warrant Placees") in relation to the placing of a total of 1,335,950,132 warrants (the "Warrants") at the placing price of HK$0.01 per warrant (the "Warrant Placings"). The Warrants entitle the Warrant Placees to subscribe for in aggregate 1,335,950,132 shares in the Company at the subscription price of HK$0.65 per new share (subject to anti-dilutive adjustment) for a period 24 months after the date of issue of the Warrants. By the end of 24 months after the issue of the Warrants, the Company must exercise the mandatory exercise rights to request all Warrants holders who hold any unexercised Warrants to exercise the subscription right. The conditions set out in the Warrant Placing Agreement were fulfilled and the Warrant Placings took place on 7 July 2015. The net proceeds from the Warrant Placing were approximately HK$13,360,000.

16. DISPOSAL OF SUBSIDIARIES

As described in note 9, Enerchina Investments Limited, a 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 9.

17. CONTINGENT LIABILITIES AND PROVISION

As at 31 December 2014, a financial guarantee of HK$11,500,000 has been provided by the Group to a bank in respect of a banking facility granted to an investee incorporated in Hong Kong held by the Group. As at 31 December 2014, HK$9,267,000 of the bank facility has been utilised. In addition, pursuant to a deed of undertaking for the banking facility among shareholders of the investee, three other shareholders of the investee agreed to bear the amount demanded in the event of the claim by the bank.

During the year ended 31 December 2014, the investee decided to liquidate voluntarily because of the insolvent financial position as well as recurring loss on its business. Thus, the directors of the Company considered that it is probable that an outflow of resources will be required from the Group to settle the obligations arising from the Group's financial guarantee. In view of this, a provision of HK$8,629,000 has been recognised as at 31 December 2014. The amount provided is based on the directors' best estimate of the amount required to settle the obligation. The related cost of investment has been fully impaired.

During the year ended 31 December 2015, the Group fully settled the obligations of HK$8,629,000 to the bank and HK$4,293,000 was refunded from two other shareholders, which is recognised in other gains and losses.

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.

BUSINESS REVIEW

For the year ended 31 December 2015, the Group's turnover from continuing operations amounted to approximately HK$981.2 million, an increase of 44% over last year. Profit for the year increased by 39% to HK$713.1 million. Basic earnings per share rose 39% to HK9.91 cents. The growth in net profit was mainly attributable to gains on financial assets at fair value through profit or loss.

Brokerage Services

Brokerage commission income generated from provision of securities brokerage services amounted to HK$4.4 million for the year (2014: HK$3.2 million).

Interest income generated from provision of margin financing services amounted to HK$5.9 million for the year (2014: HK$11.4 million).

Money Lending

Interest income from provision of money lending services increased by 49% to HK$29.9 million for the year, when compared to HK$20.1 million in last year as more loans were granted to customers during the year.

Corporate Finance

During the year, Win Wind Securities Limited (formerly known as Enerchine Securities Limited), a wholly-owned subsidiary of the Company, has placed and underwritten securities with a value of HK$1,176.8 million, and generated placement commission income of HK$2.7 million (2014: HK$9.8 million). Win Wind Securities Limited has executed 10 placements and underwritings on behalf of 9 listed company clients during the year.

Corporate finance advisory fees decreased by 35% to HK$2.9 million as a result of decrease in customers' portfolio, as compared to HK$4.4 million in last year.

Investment advisory

Investment advisory services income increased by approximately 17% to HK$7.6 million compared to HK$6.5 million in last year.

Proprietary Trading

The Group engages in proprietary trading of listed securities, listed bonds and unlisted investment funds, which is classified as financial assets at fair value through profit or loss. The fair value of the portfolio amounted to HK$2,751.6 million (2014: HK$2,037.4 million), with a gain on fair value of HK$927.8 million was recognised, as compared to a gain on fair value of HK$628.0 million in last year. Dividend income decreased by approximately 67% to HK$10.7 million when compared to HK$32.2 million in last year, which was mainly due to lesser dividends were received by the Group from listed securities.

PLACING OF UNLISTED WARRANTS WITH MANDATORY EXERCISE RIGHTS

The Company entered into a conditional placing agreement dated 11 May 2015 (the "Placing Agreement") with Win Wind Securities Limited (the "Placing Agent"), a wholly-owned subsidiary of the Company, pursuant to which the Company agreed to grant and the Placing Agent agreed to procure not less than six professional investors (the "Placees") to subscribe for 1,335,950,132 unlisted transferable warrants ("Warrant(s)") to be issued by the Company at HK$0.01 per Warrant pursuant to the Placing Agreement (as supplemented by two supplemental agreements dated 20 May 2015 and 15 June 2015). The Warrants entitle the holder thereof to subscribe for one new share to be allotted and issued by the Company upon the exercise of the subscription rights attaching to the Warrants ("Warrant Share(s)") at HK$0.65 per Warrant Share (subject to adjustment pursuant to the instrument) at any time during a period of 24 months of the issue of the Warrants and subject to the mandatory exercise rights.

The net proceeds from the placing amounts to approximately HK$13.36 million which will be used as the general working capital of the Group. Any additional proceeds from the issue of the Warrant Shares upon the exercise of the subscription rights attaching to the Warrants with mandatory exercise rights in the future up to a total amount of approximately HK$846.16 million (after deduction of expenses) will also be applied as the general working capital and/or as funds for the future business development of the Group. Details of the placing was mentioned in the circular to shareholders on 19 June 2015. The placing was approved by shareholders of the Company at a special general meeting on 7 July 2015, authorizing the Board to allot and issue the Warrants and the related Warrant Shares.

As at 31 December 2015, no Warrant Shares has been allotted pursuant to the Warrants.

FINANCIAL POSITION

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, represented by bank balances (general accounts) and cash, and short-term bank deposits, amounted to HK$1,061.9 million as at 31 December 2015 and are mostly denominated in RMB, HK$ and USD.

Capital commitments

As at 31 December 2015, the Group had capital commitments in respect of the acquisition of property, plant and equipment amounting to HK$37.2 million that have not been provided for in the financial statements.

PROSPECTS

We expect that the capital markets in Hong Kong and China will remain challenging for 2016, with major economic indicators for both economies continue to show signs of slowing down. In particular, we think that monetary policies that will be implemented by the Governments of U.S., China, European Union and Japan in order to accelerate their economic growth, may cause the capital markets to be volatile, as speculations on the timing and magnitude of these policies by market participants can cause severe turbulence in the market. Apart from concerns in international finance, political factors such as uncertainties in U.S. elections and political instability observed in the Asia region may increase the volatility of the market even further.

Having said that, we believe that there are still opportunities to find decent investments with medium and long term, and with risk management and control measures in place, we are capable of uncovering new investment opportunities that enhance the value of the Company for all shareholders.

The Board is cautiously optimistic with the financial services business in both Hong Kong and China, and have proceeded by enhancing the capability of the Company to develop new businesses.

We will continue to add competent staff to the Group in order to enhance and expand its capability to cope with the ever-changing environment. The Board will also make investments in its infrastructure and keep up with the developments to maintain its competitive edge as well as stay ahead other service providers.

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 2015 (2014: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group employed approximately 45 full time employees for its principal activities. The Group recognizes the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible 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 2015.

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 (the "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 2015, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee (the "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. Cheung Wing Ping, Mr. Chui Kark Ming and Dr. Xiang Bing. 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 2015 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 (the "AGM") was scheduled to be held on Thursday, 19 May 2016. 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 Tuesday, 17 May 2016 to Thursday, 19 May 2016, 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 Monday, 16 May 2016.

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 2016

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; Mr. Xin Luo Lin as non-executive Director; and Mr. Cheung Wing Ping, Mr. Chui Kark Ming and Dr. Xiang Bing as independent non-executive Directors.