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

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1102)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The Board of Directors (the "Board") of Enviro Energy International Holdings Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015 together with comparative figures as follows:

**CONSOLIDATED INCOME STATEMENT**
*For the year ended 31 December 2015*

| | | **Year ended 31 December** | |
|---|---|---|---|
| | | **2015** | 2014 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| **Continuing operations:** | | | |
| Revenue | *4* | **13,171** | 1,043 |
| Cost of sales | | **(12,722)** | (640) |
| Gross profit | | **449** | 403 |
| Other gains, net | *5(a)* | **45** | 1,737 |
| Fair value loss in issuance of unlisted warrants | *5(b)* | **–** | (38,931) |
| Impairment loss on exploration and evaluation assets | *10* | **(49,802)** | – |
| Selling and distribution expenses | | **(156)** | (447) |
| Administrative and operating expenses | | **(29,033)** | (51,556) |
| Finance income | | **188** | 19 |
| **Loss before taxation** | *6* | **(78,309)** | (88,775) |
| Income tax | *7* | **–** | – |
| **Loss for the year from continuing operations** | | **(78,309)** | (88,775) |
| **Discontinued operation:** | | | |
| **Profit for the year from discontinued operation** | *14(b)* | **4** | 1,592 |
| **Loss for the year** | | **(78,305)** | (87,183) |

| | Notes | Year ended 31 December **2015** ***HK$'000*** | 2014 *HK$'000* |
|---|---|---|---|
| Attributable to: | | | |
| Owners of the Company | | | |
| Continuing operations | | **(44,931)** | (88,272) |
| Discontinued operation | | **211** | 3,841 |
| | | **(44,720)** | (84,431) |
| Non-controlling interests | | | |
| Continuing operations | | **(33,378)** | (503) |
| Discontinued operation | | **(207)** | (2,249) |
| | | **(33,585)** | (2,752) |
| | | **(78,305)** | (87,183) |
| (Loss)/earnings per share attributable to owners of the Company (expressed in HK cent(s) per share) | *9* | | |
| Basic and diluted — from continuing operations | | **(0.75)** | (2.38) |
| Basic and diluted — from discontinued operation | | **0.01** | 0.10 |
| Basic and diluted — from loss for the year | | **(0.74)** | (2.28) |
| Dividends | *8* | **–** | – |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
*For the year ended 31 December 2015*

| | Year ended 31 December | |
|---|---|---|
| | **2015** | 2014 |
| | ***HK$'000*** | *HK$'000* |
| **Loss for the year** | **(78,305)** | (87,183) |
| **Other comprehensive loss** | | |
| *Items that may be reclassified to profit or loss:* | | |
| Exchange differences arising from translation of foreign operations | **(62,288)** | (67,484) |
| Other comprehensive loss for the year, net of tax | **(62,288)** | (67,484) |
| **Total comprehensive loss for the year** | **(140,593)** | (154,667) |
| Attributable to: | | |
| Owners of the Company | **(88,952)** | (133,143) |
| Non-controlling interests | **(51,641)** | (21,524) |
| Total comprehensive loss for the year | **(140,593)** | (154,667) |
| Total comprehensive loss attributable to owners of the Company arises from: | | |
| Continuing operations | **(46,928)** | (96,301) |
| Discontinued operation | **(42,024)** | (36,842) |
| | **(88,952)** | (133,143) |

**CONSOLIDATED BALANCE SHEET**

*As at 31 December 2015*

| | | As at 31 December | |
|---|---|---|---|
| | | **2015** | 2014 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **760** | 1,278 |
| Exploration and evaluation assets | *10* | **77,500** | 141,070 |
| Investment properties | *11* | **96,882** | – |
| Available-for-sale investment | | **290** | 347 |
| Club memberships | | **330** | 2,700 |
| Deposits | | **330** | 467 |
| | | **176,092** | 145,862 |
| **Current assets** | | | |
| Inventories | | **407** | 1,228 |
| Trade receivables | *12* | **6,932** | 108 |
| Deposits, prepayments and other receivables | | **42,734** | 2,271 |
| Financial asset at fair value through profit or loss | | **–** | 630 |
| Bank balances and cash | | **310,736** | 29,033 |
| | | **360,809** | 33,270 |
| Assets of disposal group classified as held for distribution | *14* | **–** | 977,157 |
| | | **360,809** | 1,010,427 |
| **Total assets** | | **536,901** | 1,156,289 |

| | | As at 31 December | |
|---|---|---|---|
| | | **2015** | 2014 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| **EQUITY** | | | |
| **Capital and reserves attributable to owners of the Company** | | | |
| Share capital | *15* | **17,630** | 13,101 |
| Reserves | | **359,822** | 613,541 |
| | | **377,452** | 626,642 |
| Non-controlling interests | | **48,719** | 288,620 |
| **Total equity** | | **426,171** | 915,262 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | | **–** | – |
| **Current liabilities** | | | |
| Trade and other payables | *13* | **13,848** | 23,455 |
| Consideration payables for acquisition of investment properties | *13* | **96,882** | – |
| | | **110,730** | 23,455 |
| Liabilities of disposal group classified as held for distribution | *14* | **–** | 217,572 |
| | | **110,730** | 241,027 |
| **Total liabilities** | | **110,730** | 241,027 |
| **Total equity and liabilities** | | **536,901** | 1,156,289 |

*NOTES:*

## 1 GENERAL INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands with limited liability under the Companies Law (Revised) of the Cayman Islands on 3 July 2002. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The Group is principally engaged in investment holding, property investment, natural resources and energy and information technology related businesses.

As at 31 December 2015, the Board considers that Able Victory Enterprises Limited ("Able Victory") and Epic Wise International Limited, each a company incorporated in the British Virgin Islands, as the immediate and ultimate holding company of the Company, respectively, and Mr. Suen Cho Hung, Paul, an Executive Director and the Chairman of the Board, as the ultimate controlling party of the Company.

These consolidated financial statements are presented in thousands of Hong Kong dollars (HK$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on 17 March 2016.

## 2 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable 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 investment properties which are carried at fair value and assets/liabilities of disposal group classified as held for distribution.

The preparation of the consolidated 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 2015, the Group's mining properties amounted to HK$77,500,000 after an impairment loss amounted to HK$49,802,000 was recognised in the consolidated income statement for the year ended 31 December 2015. The mining permit associated with such mining properties will expire on 22 January 2017. While a plan to pursue the required extension is underway and the extension is not yet secured, management has performed the impairment review with the assumption that the validity of the permit will be extended beyond 22 January 2017. Other than the aforementioned impairment loss, the consolidated financial statements do not include any adjustment on the carrying amount of the mining properties of the Group as at 31 December 2015 that would be required if the mining permit is not extended.

### (a) Changes in accounting policy and disclosures

*(i) The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015:*

| | |
|---|---|
| HKAS 19 (Amendment) | Defined benefit Plans: Employee contributions |
| Annual Improvement Project | Annual improvements 2010–2012 cycle |
| | Annual improvements 2011–2013 cycle |

*(ii) The following new, revised and amended standards that are effective and have not been early adopted by the Group:*

| | |
|---|---|
| HKAS 1 Amendment | Disclosure initiative[1] |
| HKAS 16 and HKAS 38 (Amendment) | Clarification of acceptable methods of depreciation and amortisation[1] |
| HKAS16 and HKAS 41 (Amendment) | Agriculture: Bearer plants[1] |
| HKAS 27 (Amendment) | Equity method in separate financial statements[1] |
| HKFRS 9 | Financial instruments[2] |
| HKFRS 10 and HKAS 28 (Amendment) | Sale or contribution of assets between an investor and its associate or joint venture[3] |
| HKFRS 10, HKFRS 12 and HKAS 28 (Amendment) | Investment entities: Applying the consolidation exception[1] |
| HKFRS 11 (Amendment) | Accounting for acquisitions of interests in joint operations[1] |
| HKFRS 14 | Regulatory deferral accounts[1] |
| HKFRS 15 | Revenue from contracts with customers[2] |
| Annual Improvement Project | Annual improvements 2012–2014 cycle[1] |

*Notes:*

1. Effective for annual periods beginning on or after 1 January 2016

2. Effective for annual periods beginning on or after 1 January 2018

3. The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

Management is in the process of making an assessment of the impact of these new standards, interpretations and amendments to the standards and is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

*(iii) New Hong Kong Companies Ordinance (Cap. 622)*

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information 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) Natural resources and energy related business

(ii) Information technology and related business

(iii) Property investment

(iv) Exploration, development and production of CBM and natural gas in China (discontinued operation)

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, together with other gains/(losses), net, selling and distribution expenses and administrative and operating expenses.

In December 2015, the Group has expanded its scope of natural resources business to the sale of energy related products, namely solar panels and base oils.

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

| | Continuing operations | | | | Discontinued operation | |
|---|---|---|---|---|---|---|
| | Natural resources and energy related business *HK$'000* | Information technology and related business *HK$'000* | Property investment *HK$'000* | Subtotal *HK$'000* | Gas exploration in China *HK$'000* | Consolidated *HK$'000* |
| **For the year ended 31 December 2015** | | | | | | |
| Segment revenue | **13,160** | **11** | **–** | **13,171** | **–** | **13,171** |
| Gross profit | **440** | **9** | **–** | **449** | **–** | **449** |
| Other gains, net | **24** | **32** | **–** | **56** | **5** | **61** |
| Impairment loss on exploration and evaluation assets | **(49,802)** | **–** | **–** | **(49,802)** | **–** | **(49,802)** |
| Selling and distribution expenses | **(156)** | **–** | **–** | **(156)** | **–** | **(156)** |
| Administrative and operating expenses | **(3,011)** | **(623)** | **(359)** | **(3,993)** | **(1)** | **(3,994)** |
| Segment results | **(52,505)** | **(582)** | **(359)** | **(53,446)** | **4** | **(53,442)** |
| Unallocated: | | | | | | |
| Other losses, net | | | | | | **(11)** |
| Administrative and operating expenses | | | | | | **(25,040)** |
| Finance income | | | | | | **188** |
| Loss before taxation | | | | | | **(78,305)** |
| Income tax | | | | | | **–** |
| Loss for the year | | | | | | **(78,305)** |
| **As at 31 December 2015** | | | | | | |
| Segment assets | **283,700** | **–** | **96,882** | **380,582** | **–** | **380,582** |
| Unallocated assets | | | | | | **156,319** |
| Total assets | | | | | | **536,901** |
| Segment liabilities | **(11,697)** | **–** | **(97,227)** | **(108,924)** | **–** | **(108,924)** |
| Unallocated liabilities | | | | | | **(1,806)** |
| Total liabilities | | | | | | **(110,730)** |

| | Continuing operations | | | | Discontinued operation | | |
|---|---|---|---|---|---|---|---|
| | Natural resources and energy related business *HK$'000* | Information technology and related business *HK$'000* | Property investment *HK$'000* | Subtotal *HK$'000* | Gas exploration in China *HK$'000* | Unallocated *HK$'000* | Consolidated *HK$'000* |
| **For the year ended 31 December 2015** | | | | | | | |
| Capital expenditures | – | – | – | – | – | 1,037 | 1,037 |

| | Continuing operations | | | | Discontinued operation | |
|---|---|---|---|---|---|---|
| | Natural resources and energy related business | Information technology and related business | Property investment | Subtotal | Gas exploration in China | Consolidated |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| For the year ended 31 December 2014 | | | | | | |
| Segment revenue | 991 | 52 | – | 1,043 | – | 1,043 |
| Gross profit | 362 | 41 | – | 403 | – | 403 |
| Other losses, net | (249) | – | – | (249) | – | (249) |
| Selling and distribution expenses | (447) | – | – | (447) | – | (447) |
| Administrative and operating expenses | (4,203) | (2,128) | – | (6,331) | (1,018) | (7,349) |
| Income tax | – | – | – | – | 2,610 | 2,610 |
| Segment results | (4,537) | (2,087) | – | (6,624) | 1,592 | (5,032) |
| Unallocated: | | | | | | |
| Other gains, net | | | | | | 1,986 |
| Fair value loss in issuance of unlisted warrants | | | | | | (38,931) |
| Administrative and operating expenses | | | | | | (45,225) |
| Finance income | | | | | | 19 |
| Loss before taxation | | | | | | (87,183) |
| Income tax | | | | | | – |
| Loss for the year | | | | | | (87,183) |
| As at 31 December 2014 | | | | | | |
| Segment assets | 144,612 | 6,177 | – | 150,789 | 977,157 | 1,127,946 |
| Unallocated assets | | | | | | 28,343 |
| Total assets | | | | | | 1,156,289 |
| Segment liabilities | 828 | 1,449 | – | 2,277 | 217,572 | 219,849 |
| Unallocated liabilities | | | | | | 21,178 |
| Total liabilities | | | | | | 241,027 |

| | Continuing operations | | | | Discontinued operation | | |
|---|---|---|---|---|---|---|---|
| | Natural resources and energy related business | Information technology and related business | Property investment | Subtotal | Gas Exploration in China | Unallocated | Consolidated |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| For the year ended 31 December 2014 | | | | | | | |
| Capital expenditures | 1,128 | – | – | 1,128 | – | 30 | 1,158 |

The Group's non-current assets other than available-for-sale investment and that of disposal group held for distribution as at 31 December 2015 and 2014 are further analysed as follows:

| | As at 31 December | |
|---|---|---|
| | **2015** | 2014 |
| | ***HK$'000*** | *HK$'000* |
| Hong Kong (place of domicile) | **660** | 3,388 |
| The People's Republic of China ("PRC") | **96,882** | – |
| Indonesia | **78,260** | 142,127 |
| | **175,802** | 145,515 |

## 4 REVENUE

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

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

| | Year ended 31 December | |
|---|---|---|
| | **2015** | 2014 |
| | ***HK$'000*** | *HK$'000* |
| Continuing operations: | | |
| Sale of solar panels | **8,684** | – |
| Sale of base oil | **4,135** | – |
| Sale of marble products | **341** | 991 |
| Network infrastructure maintenance | **11** | 52 |
| | **13,171** | 1,043 |

Revenue individually generated from the following customers contributed more than 10% of the total revenue of the Group:

| | Year ended 31 December | |
|---|---|---|
| | **2015** | 2014 |
| | ***HK$'000*** | *HK$'000* |
| Customer A | **8,684** | – |
| Customer B | **4,135** | – |

## 5 OTHER GAINS, NET AND FAIR VALUE LOSS IN ISSUANCE OF UNLISTED WARRANTS

### (a) Other gains, net

| | Year ended 31 December | |
|---|---|---|
| | **2015** | 2014 |
| | ***HK$'000*** | *HK$'000* |
| Continuing operations: | | |
| Fair value loss on financial asset at fair value through profit or loss | **–** | (270) |
| Impairment loss on available-for-sale investment | **(57)** | (30) |
| Gain/(loss) on disposal of property, plant and equipment | **51** | (117) |
| Gain on write back of other payables | **–** | 1,964 |
| Others | **51** | 190 |
| | **45** | 1,737 |

### (b) Fair value loss in issuance of unlisted warrants

On 13 October 2014, the shareholders of the Company approved the issuance of approximately 1,048,064,000 unlisted warrants in conjunction with the open offer for the issuance of 1,746,773,000 new shares of the Company at HK$0.02 per share (on the basis of three warrants for every five new shares of the Company issued). The warrants entitled the holders thereof to subscribe in cash for new shares of the Company at a subscription price of HK$0.21 per new share up to an aggregate amount of approximately HK$220,093,000. The new shares may fall to be allotted and issued upon the exercise of the subscription rights attached to the warrants for a period of 2 years commencing from the date of issue of the warrants. The above commitment to issue warrants constituted a derivative on the day when the open offer was approved (13 October 2014). On 17 November 2014, upon the issuance of the shares pursuant to the open offer, the abovementioned warrants were issued, which resulted in a fair value loss of HK$38,931,000 recognised in the consolidated income statement for the year ended 31 December 2014. As at 31 December 2014, the warrants were recognised as equity instrument.

An independent valuation on the warrants issued in accordance with the terms of the warrants was performed by the valuer, Vigers Appraisal & Consulting Limited, using binomial option pricing model with certain assumptions, including expected volatility of the share price, the dividends expected on the shares, the risk-free interest rate during the life of the warrants. With regard to the valuation report of the warrants, management verified all major inputs to the independent valuation report and held discussions with the independent valuer.

## 6 LOSS BEFORE TAXATION

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

| | Continuing operations Year ended 31 December | | Discontinued operation Year ended 31 December | | Total Year ended 31 December | |
|---|---|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Cost of inventories sold | **12,720** | 629 | **–** | – | **12,720** | 629 |
| Depreciation of property, plant and equipment | **175** | 596 | **–** | 6 | **175** | 602 |
| Auditor's remuneration | | | | | | |
| — Audit services | **1,147** | 1,367 | **–** | 29 | **1,147** | 1,396 |
| — Non-audit services | **118** | – | **–** | – | **118** | – |
| Operating lease payments | **2,514** | 2,448 | **–** | 314 | **2,514** | 2,762 |
| Legal and professional fees | **3,105** | 1,957 | **–** | – | **3,105** | 1,957 |
| Investor relations expenses | | | | | | |
| — Cash payments | **273** | 1,075 | **–** | – | **273** | 1,075 |
| — Share-based payments | **–** | 128 | **–** | – | **–** | 128 |
| Staff costs, including directors' emoluments | | | | | | |
| — Salaries, allowances and other benefits | **18,075** | 23,586 | **–** | 121 | **18,075** | 23,707 |
| — Retirement benefit scheme contributions | **249** | 180 | **–** | – | **249** | 180 |
| — Share-based payments | **–** | 954 | **–** | – | **–** | 954 |
| — Discretionary and performance related incentive payments | **2,877** | 7,716 | **–** | – | **2,877** | 7,716 |
| Exchange (gain)/loss, net | **(86)** | 164 | **(6)** | 61 | **(92)** | 225 |
| Write down of inventories | **216** | – | **–** | – | **216** | – |
| Write-back of accrual of withholding tax *(Note)* | **(3,157)** | – | **–** | – | **(3,157)** | – |
| Provision for trade and other receivables | **–** | 1,870 | **–** | – | **–** | 1,870 |

*Note:* During the year ended 31 December 2015, the Group wrote-back an accrual of withholding tax amounted to HK$3,157,000 in relation to consultancy fee payable from TerraWest Energy Corporation ("TWE").

## 7 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 the 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 2015 (2014: 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 2015 (2014: 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 2015 (2014: Nil).

## 8 DIVIDENDS

No dividend was paid or proposed for the year ended 31 December 2015 (2014:Nil).

## 9 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2015 and 2014.

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

| | Year ended 31 December | |
|---|---|---|
| | **2015** | 2014 |
| (Loss)/profit attributable to equity holders of the Company for the purpose of basic (loss)/earnings per share *(HK$'000)* | | |
| — Continuing operations | **(44,931)** | (88,272) |
| — Discontinued operation | **211** | 3,841 |
| Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share *('000)* | **5,963,358** | 3,704,116 |

(b) The Group had share options and warrants outstanding as at 31 December 2015. The share options and warrants did not have a dilutive effect on loss per share for the year ended 31 December 2015 (2014: the share options and warrants did not have a dilutive effect on loss per share).

## 10 EXPLORATION AND EVALUATION ASSETS

| | As at 31 December | |
|---|---|---|
| | **2015** | 2014 |
| | ***HK$'000*** | *HK$'000* |
| Mining properties *(Note i)* | **77,500** | 141,070 |
| Oil and gas properties *(Note ii)* | **–** | – |
| | **77,500** | 141,070 |

*Notes:*

(i) Mining properties

Movement of the mining properties is as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2015** | 2014 |
| | ***HK$'000*** | *HK$'000* |
| At cost | | |
| At beginning of the year | **141,070** | 143,462 |
| Exchange differences | **(13,768)** | (2,392) |
| Impairment loss | **(49,802)** | – |
| At end of the year | **77,500** | 141,070 |

All expenditures in relation to mining properties were capitalised and there was no operating cash flow for the year ended 31 December 2015 (2014: Nil).

The mining permit associated with the mining properties will expire on 22 January 2017, and the required extension is subject to approval by the Sulawesi Provincial Government of Indonesia. As of the date of the approval of the consolidated financial statements, a plan to pursue the required extension is underway. Despite the fact that the approval from the required government authority is not certain, the consolidated financial statements of the Group do not include any adjustment on the carrying amount of the mining properties as at 31 December 2015 that would be required if the mining permit is not extended.

Having considered the delay in the project as well as the fluctuation in the prices of marbles as part of its assessment as to whether impairment indicators exist as at 31 December 2015, management concluded that an impairment assessment is required. An independent valuation on the recoverable value of the mining properties was performed by the valuer, Roma Appraisal Limited, based on "value-in-use" calculations. As a result of the assessment, an impairment loss of HK$49,802,000 was charged to the consolidated income statement.

(ii) Oil and gas properties

Movement of the oil and gas properties is as follows:

| | **Year ended 31 December** | |
|---|---|---|
| | **2015** | 2014 |
| | ***HK$'000*** | *HK$'000* |
| At cost | | |
| At beginning of the year | **–** | 1,061,728 |
| Additions | **–** | – |
| Exchange differences | **–** | (50,613) |
| Transferred to assets of disposal group classified as held for distribution | **–** | (1,011,115) |
| At end of the year | **–** | – |

On 24 November 2014, the Group issued an announcement in relation to a proposed distribution in specie, where equity interest of certain group companies including TWE, was distributed to the shareholders of the Company, so that these interests were held by shareholders of the Company separately from the Company in future. Accordingly, the oil and gas properties were reclassified to "Assets of disposal group classified as held for distribution" in accordance with HKFRS 5 since 24 November 2014. The distribution was completed on 18 February 2015.

## 11 INVESTMENT PROPERTIES

| | HK$'000 |
|---|---|
| At fair value | |
| Balance at 1 January 2014, 31 December 2014 and 1 January 2015 | – |
| Acquisitions | 96,882 |
| Balance at 31 December 2015 | 96,882 |

On 29 December 2015, a wholly owned subsidiary of the Group, Huan Neng International Trading (Yingkou) Company Limited ("HNYK") acquired 34 commercial units situated at Yingkou city, Liaoning province in the PRC from an independent third party, Yingkou Liaohai Property Development Co., Ltd for a consideration of RMB69,916,000 (equivalent to HK$83,459,000 including stamp duties). On the same day, HNYK acquired another 6 commercial units situated at the same area in Yingkou city from an independent third party, Mr. Li Yi Jia at a consideration of RMB11,245,000 (equivalent to HK$13,423,000 including stamp duties).

Pursuant to the sale and purchase agreement, HNYK shall pay the consideration within 45 business days from the date that the property certificate of these commercial units have been duly registered under the name of HNYK. As at 31 December 2015, all these commercial units were registered under the name of HNYK and consideration payables of HK$96,882,000 (including stamp duties) were recorded in the consolidated balance sheet (Note 13). On 14 January 2016, the considerations were fully settled.

The considerations were arrived at arm's length and the Group has taken into account (i) the total appraisal value of these commercial units based on the valuation as assessed by an independent valuer and (ii) the market value of the properties in the similar nature in the regions that these commercial units situated at.

## 12 TRADE RECEIVABLES

| | **As at 31 December** | |
|---|---|---|
| | **2015** | 2014 |
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **6,932** | 216 |
| Less: Provision for impairment | **–** | (108) |
| | **6,932** | 108 |

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.

The 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 | |
|---|---|---|
| | **2015** | 2014 |
| | ***HK$'000*** | *HK$'000* |
| Within 30 days | **6,838** | – |
| 31–60 days | **–** | 86 |
| Over 60 days | **94** | 22 |
| | **6,932** | 108 |

## 13 TRADE AND OTHER PAYABLES

| | As at 31 December | |
|---|---|---|
| | **2015** | 2014 |
| | ***HK$'000*** | *HK$'000* |
| Trade payables | **3,013** | – |
| Other payables | **830** | 1,851 |
| Consideration payable | **7,800** | 7,800 |
| Accrued liabilities | **2,205** | 13,804 |
| | **13,848** | 23,455 |
| Consideration payables for acquisition of investment properties | **96,882** | – |
| | **110,730** | 23,455 |

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

As at 31 December 2015, the ageing analysis of the trade payables based on invoice date is as follows:

| | As at 31 December | |
|---|---|---|
| | **2015** | 2014 |
| | ***HK$'000*** | *HK$'000* |
| Within 30 days | **3,013** | – |

## 14 ASSETS/LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR DISTRIBUTION AND DISCONTINUED OPERATION

On 24 November 2014, the Board announced a proposed distribution in specie to distribute all of its equity interests of Aces Diamond International Ltd. ("Aces Diamond") and Chavis International Ltd. ("Chavis"), subsidiaries of the Company who collectively holds 71.61% equity interest in TWE, to its shareholder upon the approval by the shareholders and the completion of a restructuring plan (the "Distribution in Specie"). On the same date, all assets and liabilities of the aforementioned subsidiaries to be distributed were reclassified to "Assets/Liabilities of disposal group classified as held for distribution". The Distribution in Specie was approved by the shareholders on 28 January 2015. Therefore its results were presented as a discontinued operation and its assets and liabilities were classified as "Assets/liabilities of disposal group classified as held for distribution" in the consolidated financial statements as at 31 December 2014.

### (a) Assets and liabilities of disposal group classified as held for distribution

| | As at 31 December 2014 *HK$'000* |
|---|---|
| **Exploration and evaluation assets** | |
| **Assets** | |
| Oil and gas properties | 977,023 |
| Deposits, prepayments and other receivables | 1 |
| Bank balances and cash | 133 |
| Total | 977,157 |
| **Liabilities** | |
| Other payables | 9,978 |
| Deferred tax liabilities | 207,594 |
| Total | 217,572 |

### (b) Analysis of the results of discontinued operation

| | **Year ended 31 December 2015** ***HK$'000*** | Year ended 31 December 2014 *HK$'000* |
|---|---|---|
| Other gains | **5** | – |
| Administrative and operating expenses | **(1)** | (1,018) |
| Profit/(loss) before tax from discontinued operation | **4** | (1,018) |
| Income tax credit | **–** | 2,610 |
| Profit for the year from discontinued operation | **4** | 1,592 |

The Group 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).

## 15 SHARE CAPITAL

| | Number of shares *(thousands)* | Share capital *HK$'000* |
|---|---|---|
| Issued and fully paid | | |
| At 1 January 2014 | 3,493,546 | 8,734 |
| Issuance of subscribed offer shares on 17 November 2014 *(Note (i))* | 1,746,773 | 4,367 |
| Issuance of new shares upon exercise of warrants *(Note (iii))* | 8 | – |
| At 31 December 2014 | 5,240,327 | 13,101 |
| Issuance of new shares upon exercise of share options *(Note (ii))* | **25,383** | **63** |
| Issuance of new shares upon exercise of warrants *(Note (iii))* | **738,297** | **1,846** |
| Issuance of new shares upon placement *(Note (iv))* | **1,048,000** | **2,620** |
| At 31 December 2015 | **7,052,007** | **17,630** |

*Notes*:

(i) During the year ended 31 December 2014, 1,746,773,000 ordinary shares were issued at the subscription price of $0.02 per share by way of open offer mentioned in Note 5(b). The net proceeds received by the Company from the open offer were HK$33,597,000, among which HK$4,367,000 were credited to the share capital account and the balance of HK$29,230,000 (net of professional fees of HK$1,339,000) were credited to the share premium account.

(ii) During the year ended 31 December 2015, the Company issued 25,383,000 (2014: Nil) shares of the Company for proceeds of HK$3,138,000 (2014: Nil), as a result of exercise of share options. The weighted average exercise price was approximately HK$0.12 per share. Among the proceeds of HK$3,138,000 (2014: Nil), HK$63,000 (2014: Nil) were credited to the share capital account and the balance of HK$3,075,000 (2014: Nil) were credited to the share premium account.

(iii) During the year ended 31 December 2015, 738,297,000 (2014: 8,000) shares of the Company were issued as a result of exercise of 738,297,000 (2014: 8,000) units of warrants by warrant holders at the exercise price of HK$0.21 per share. The proceeds from the exercise of the warrants were HK$155,042,000 (2014: HK$2,000) among which HK$1,846,000 (2014: less than HK$1,000) were credited to the share capital account and the balance of HK$153,196,000 (2014: HK$2,000) were credited to the share premium account. As at 31 December 2015, the Company had approximately 309,759,000 units of warrants outstanding, which represented approximately 4.39% of the Company's shares in issue as at that date.

(iv) On 2 October 2015, 1,048,000,000 ordinary shares were issued at the subscription price of $0.20 per share by way of placement to not less than six placees. The net proceeds received by the Company from the placement were HK$204,240,000, among which HK$2,620,000 were credited to the share capital account and the balance of HK$201,620,000 (net of professional fees of HK$5,360,000) were credited to the share premium account.

All the above shares rank pari passu in all respects with other shares in issue.

## 16 DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2015, the Group disposed of the entire issued share capital of (i) STCC Limited; (ii) Sun Ray (China) Limited; (iii) Dragon Bounty Company Limited and (iv) Sys Solutions Limited, all of which were wholly owned subsidiaries of the Company with assets primarily comprised of several motor vehicles, a club membership, a convertible debenture and bank balances, to Sun Ray Capital Investment Corporation, which is beneficially owned by Mr. Chan Wing Him Kenny ("Mr. Kenny Chan"), the former chairman and chief executive officer of the Company, at an aggregate consideration of HK$2,984,000. There were no gain or loss on disposal of these subsidiaries. These transactions were related party transactions of the Group.

In addition, on 26 March 2015, the Group disposed the entire issued share capital of Basic Corporation Limited, a wholly owned subsidiary of the Company (with assets primarily comprised of two club memberships), to Mr. Chan Wan Tsun Adrian Alan, the former chief financial officer of the Company, at a consideration of HK$2,249,000. There was no gain or loss on disposal of this subsidiary. This transaction was related party transaction of the Group.

The aggregated net assets of the subsidiaries at the date of disposal were as follows:

| | *HK$'000* |
|---|---|
| Property, plant and equipment | **1,037** |
| Club memberships | **2,370** |
| Deposits | **278** |
| Trade receivables | **83** |
| Deposits, prepayments and other receivables | **64** |
| Financial asset at fair value through profit or loss | **630** |
| Bank balances and cash | **1,138** |
| Other payables | **(367)** |
| | **5,233** |
| Gain on disposal of subsidiaries | **–** |
| Net proceeds received from disposal of subsidiaries | **5,233** |
| **Satisfied by:** | |
| Cash consideration | **5,233** |
| **Net cash inflow from disposal of subsidiaries:** | |
| Cash consideration received | **5,233** |
| Cash and cash equivalents disposed of | **(1,138)** |
| | **4,095** |

## 17 EVENT AFTER BALANCE SHEET DATE

(a) On 23 December 2015, the Company announced the acquisition of certain properties situated at Dalian City, Liaoning province in the PRC. The transaction was approved by shareholders of the Company on 3 March 2016 and is yet to be completed.

(b) On 26 January 2016, Enviro Energy Information Technology Limited, an indirect wholly owned subsidiary of the Company had conditionally agreed to subscribe for Class A Shares of China Huacai Finance Equity Investment Fund SP in an aggregate amount of HK$100,000,000. The subscription was completed on 11 February 2016.

(c) On 28 January 2016, HNYK, as borrower, entered into a loan agreement for RMB 92,000,000 with a commercial bank in the PRC. The loan was secured by the investment properties of the Group with carrying amount of HK$96,882,000 as at 31 December 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

### Continuing Operations

During the year ended 31 December 2015, the Group continued to engage in investment holding, natural resources and energy and information technology related businesses, and has expanded into the business of property investment. For the year ended 31 December 2015, the Group reported revenue of HK$13,171,000, increased by 1,163% from the previous year (31 December 2014: HK$1,043,000), and gross profit of HK$449,000, showing an increase of 11% compared to the prior year (31 December 2014: HK$403,000). The increases in the Group's revenue and gross profit were mainly attributed to the increase in sales of energy related products during the year.

### Natural resources and energy related business

*Marble business-operations*

The Group continues to advance its business plan for industrial minerals. The Company through a non-wholly owned subsidiary has a co-operation agreement with an 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 also has an exclusive right to use cutting and processing facilities as well as a warehouse, which are all located in the Jakarta area. 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.

The Company through another subsidiary has a distribution arrangement 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.

During the year ended 31 December 2015, the operation is still in the stage of developing various sale channels for its marble products. The operation recorded a 66% decrease in revenue to HK$341,000 (31 December 2014: HK$991,000), mainly because market conditions were sluggish, and the loss of the operation was down to HK$3,463,000 (31 December 2014: HK$4,537,000), primarily due to the reduction of operating expenses during the year.

In December 2015, the Group has expanded its scope of natural resources business to energy related products by engaging in sale of solar panels and base oil, which contributed revenue of HK$8,684,000 and HK$4,135,000 respectively to the Group during the year. The solar panels traded by the Group are for the use by solar power plants in the PRC for building their power generation facilities whereas the base oil sold by the Group are for further processing into fuels and industrial lubricants.

*Marble business-resources and reserves*
As at 31 December 2015, 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 announced on 17 February 2014, the Company completed a competent person's report ("CPR") on 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 $m^3$. Details of the resources from the CPR have been set out in the annual report of the Company for the year ended 31 December 2014 and are summarized as below.

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 (the "JORC Code") 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 Listing Rules require disclosure of the key basis and assumptions adopted for the Competent Person's Report. The above figures are based on, among others, deposit geology, drilling results, downslope survey and sampling information performed at the GM Quarry. 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 Stone Quality Supervision and Testing Centre (Guangdong). Testing items include mineralogical composition ($SiO_2$, $Al2O_3$, $Fe2O_3$, MgO, CaO, $Na_2O$, K2O, $P_2O_5$, and $SO_3$), 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.

As at 31 December 2015, there were no material changes to the above resource figures. There was no capital expenditure incurred in relation to the marble business during the year ended 31 December 2015 (31 December 2014: HK$1,128,000) and there was no operating cash flows (31 December 2014: Nil).

Having considered the delay in the project as well as the fluctuation in the prices of marbles as part of its assessment as to whether impairment indicators exist as at 31 December 2015, management concluded that an impairment assessment is required. An independent valuation on the recoverable value of the mining properties was performed by the valuer, Roma Appraisal Limited, based on "value-in-use" calculations. As a result of the assessment, an impairment loss of HK$49,802,000 was charged to the consolidated income statement.

**Information technology and related business**

During the year ended 31 December 2015, the revenue from the information technology and related business amounted to HK$11,000 (31 December 2014: HK$52,000), representing service income for providing system support to client, and operation's loss was decreased to HK$582,000 (31 December 2014: HK$2,087,000) which mainly due to the drop in staff costs during the current year.

**Property investment**

As the Group has intention to diversify its investments and broaden its income base, on 29 December 2015, HNYK, an indirect wholly owned subsidiary of the Company, entered into the agreement with Yingkou Liaohai Property Development Co., Ltd (literal translation of the Chinese name) ("Yingkou LH"), pursuant to which HNYK had conditionally agreed to acquire 34 commercial units with a total floor area of approximately 12,223.06 square meters situated at Yingkou city, Liaoning province in the PRC from Yingkou LH at the consideration of RMB69,916,000 (equivalent to approximately HK$83,459,000 including stamp duties) in cash. On the same date, HNYK entered into the agreement with Mr. Li Yi Jia (literal translation of the Chinese name) ("Mr. Li"), pursuant to which HNYK had conditionally agreed to acquire 6 commercial units with a total floor area of approximately 1,959.08 square meters situated at Yingkou city, Liaoning province in the PRC from Mr. Li at the consideration of RMB11,245,000 (equivalent to approximately HK$13,423,000 including stamp duties) in cash. Both transactions were completed on 31 December 2015. The Group intends to refurbish the properties for leasing and earning rental income as well as potential capital gain. For details of the acquisition, please refer to the Company's announcements dated 29 December 2015 and 31 December 2015 respectively.

**Discontinued Operation**

**Gas exploration segment**

On 24 November 2014, the Board announced the Distribution in Specie. The transaction was approved by shareholders of the Company on 28 January 2015. On 29 January 2015, Aces Diamond subscribed for 95,923,930 ordinary shares of TWE and the Group's controlling interests in TWE had increased from 71.61% to 77.97%. The Distribution in Specie was completed on 18 February 2015. Accordingly, the results of the operation of gas exploration in China are accounted for as discontinued operation in the consolidated income statement and consolidated statement of comprehensive income for the current and prior years. This discontinued operation did not generate any revenue for both the current and prior years. For details of the Distribution in Specie, please refer to the Company's circular dated 12 January 2015.

## BUSINESS PROSPECTS

It is the intention of the management to continue the existing businesses of the Group and to explore investment opportunities in the natural resources and energy, information technology and property investment segments or other new segments with good potentials with the view to enhance prosperity of the Group in terms of profitability and growth as well as shareholders' value.

## FINANCIAL REVIEW

### Overall Results

For the year ended 31 December 2015, the Group recorded a loss attributable to owners of the Company of HK$44,720,000 (31 December 2014: HK$84,431,000) and basic loss per share of HK0.74 cent (31 December 2014: loss per share of HK2.28 cents) from continuing and discontinued operations. The decrease in the Group's loss for the year was mainly due to the decrease in administrative and operating expenses, being mainly staff costs (including directors' emoluments) and the non-recurrence in the current year the fair value loss in the issuance of unlisted warrants amounted to HK$38,931,000 recorded during the year ended 31 December 2014, which was partly offset by the impairment loss on exploration and evaluation assets amounted to HK$49,802,000.

### Other Comprehensive Income

During the year ended 31 December 2015, exchange losses mainly arose from the exchange translation of the Indonesian mining operations and TWE totalling HK$62,288,000 (31 December 2014: HK$67,484,000) was recorded mainly because the Indonesian Rupiah depreciated by approximately 11% against the Hong Kong dollar.

### Liquidity, Financial Resources and Capital Structure

On 18 February 2015, the Distribution in Specie was completed and the Company's share premium account was reduced by approximately HK$555,559,000, which represented the net assets value of the disposal group attributable to the owners of the Company at time of completion.

Pursuant to a placing agreement dated 17 September 2015 entered into between the Company and Get Nice Securities Limited, 1,048,000,000 ordinary shares of the Company were allotted and issued to not less than six independent investors at a placing price of HK$0.20 per share in October 2015 and the net proceeds received were approximately HK$204,240,000. All the new shares allotted and issued rank pari passu in all respects with the existing issued ordinary shares. Approximately HK$121.7 million have been used as general working capital of the Group and approximately HK$82.4 million have been used as the partial settlement of the consideration payables for the acquisitions of investment properties in Yingkou City as abovementioned.

At 31 December 2015, the Group had current assets of HK$360,809,000 (31 December 2014: HK$33,270,000, excluding assets of disposal group classified as held for distribution) comprising bank balances and cash of HK$310,736,000 (31 December 2014: HK$29,033,000). The Group's current ratio, calculated based on current assets of HK$360,809,000 (31 December 2014: HK$33,270,000, excluding assets of disposal group classified as held for distribution) over current liabilities of HK$110,730,000 (31 December 2014: HK$23,455,000, excluding liabilities of disposal group classified as held for distribution), was at a healthy ratio of about 3.26 at the year end (31 December 2014: 1.42). At the year end, the Group's current liabilities increased by 372% to HK$110,730,000 over last year (31 December 2014: HK$23,455,000) was primarily due to the consideration payables for acquisition of investment properties. The considerations payables were fully settled after the year end.

At the year end, the equity attributable to owners of the Company amounted to HK$377,452,000 (31 December 2014: HK$64,601,000, excluding assets, liabilities and non-controlling interests of the disposal group classified as held for distribution). The increase in the equity attributable to owners of the Company was mainly a result of the aggregate amount of about HK$158,180,000 raised by the Company through the exercise of share options and warrants by respective holders and net proceeds of approximately HK$204,240,000 raised from the placement of shares as abovementioned.

As at 31 December 2015 and 2014, the Group had no indebtedness and gearing ratio was not presented accordingly.

With the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

**Charge on Group Assets**
As at 31 December 2015, the Group did not have any charge on its assets (31 December 2014: Nil).

**Foreign Exchange Exposure**
During the year ended 31 December 2015, the Group mainly earned revenue and incurred costs in Hong Kong dollar, Indonesian Rupiah, Canadian dollar, Renminbi and United States dollar and no hedging measures had been undertaken. The management will continue to monitor closely the Group's foreign exchange risks by entering into forward contracts and utilizing applicable derivatives to hedge out foreign exchange risks when considers appropriate.

**Capital Commitments**
On 23 December 2015, Fine Sources Limited ("Fine Sources"), an indirect wholly owned subsidiary of the Company, entered into the agreement with Dalian Taiyuan Real Estate Development Co., Ltd (literal translation of the Chinese name) ("Dalian TY"), pursuant to which Fine Sources had conditionally agreed to acquire from Dalian TY the fourth and the fifth floors of Tower A, Bao Hua Wang Yuan situated at Dalian city, Liaoning province in the PRC at the consideration of HK$102,303,975.84 of which HK$0.15 of the consideration will be paid in cash and HK$102,303,975.69 will be settled by the allotment and issuance of the consideration shares at HK$0.21 each. The transaction was approved by the shareholders of

the Company on 3 March 2016 and is yet to be completed. Accordingly, as at 31 December 2015, the Group has capital commitments of approximately HK$102,304,000 for acquisition of such investment properties (31 December 2014: Nil). For details, please refer to the Company's announcement dated 23 December 2015 and the circular dated 17 February 2016.

**Contingent Liabilities**

As at 31 December 2015, the Group had no contingent liabilities (31 December 2014: Nil).

## EMPLOYEES INFORMATION

As at 31 December 2015, the Group had 15 full-time employees (31 December 2014: 20) working in Hong Kong, China and Indonesia. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Other benefits, such as medical and retirement benefits and training programs, are also provided.

## FINAL DIVIDEND

The Board has resolved not to declare a final dividend for the year ended 31 December 2015 (31 December 2014: Nil).

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the year ended 31 December 2015.

## CORPORATE GOVERNANCE

The Company is committed to attaining and maintaining a high standard of corporate governance, the principles of which are to uphold integrity, transparency and accountability in all aspects of business and to ensure that affairs are conducted in accordance with applicable laws and regulations. It believes that good corporate governance is fundamental to the success of the Company and to the enhancement of shareholders' value. Throughout the year ended 31 December 2015, the Company had complied with all the applicable code provisions (the "Code Provisions") of the Corporate Governance Code set out in Appendix 14 to the Listing Rules (the "CG Code"), except for certain deviations specified with considered reasons as explained below:

**Chairman and chief executive**

Under Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

There had been a deviation from the code provision A.2.1 since Mr. Kenny Chan, the former executive director of the Company, had served both roles of the chairman and the chief executive officer until 8 June 2015. However, the aforesaid deviation was rectified and the code provision A.2.1 has been complied with following the appointment of Mr. Suen Cho Hung, Paul, an Executive Director of the Company, as the chairman of the Board and the appointment of Mr. Sue Ka Lok, a former Executive Director of the Company, as the chief executive officer, both effective on 8 June 2015. On 31 August 2015, Mr. Zhang Yuanqing, an Executive Director of the Company, was appointed as the chief executive officer to fill the casual vacancy created by the resignation of Mr. Sue Ka Lok.

**Nomination Committee**

Under Code Provision 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 Company did not have a nomination committee before 25 June 2015 and the Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the succession planning of directors and assessing the independence of independent non-executive directors before the establishment of the nomination committee of the Company (the "Nomination Committee"). However, the aforesaid deviation was rectified and the Code Provision A.5.1 has been complied with following the establishment of the Nomination Committee on 25 June 2015.

## MODEL CODE FOR SECURITIES TRANSACTIONS OF DIRECTORS

The Company has adopted its own code of conduct regarding directors' dealing in the Company's securities (the "Own Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"). Specific enquiries have been made with the Directors and they have confirmed their compliance with the Own Code during the year ended 31 December 2015.

## AUDIT COMMITTEE

The consolidated financial statements of the Company for the year ended 31 December 2015 have been reviewed by the Audit Committee of the Company and are duly approved by the Board under the recommendation of the Audit Committee.

## PUBLICATION OF INFORMATION ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE

This announcement is published on the website of the Company (http://www.enviro-energy.com.hk/) and the website of the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2015 will be dispatched to shareholders of the Company and available on the above websites in due course.

By Order of the Board
**Enviro Energy International Holdings Limited**
**Zhang Yuanqing**
*Chief Executive Officer*

Hong Kong, 17 March 2016

*As at the date of this announcement, the Board comprises four Executive Directors, namely Mr. Suen Cho Hung, Paul (Chairman), Mr. Zhang Yuanqing (Chief Executive Officer), Mr. Lai Ming Wai and Mr. Zhu Lijia and three Independent Non-executive Directors, namely Mr. David Tsoi, Mr. Chiang Bun and Ms. Leung Pik Har, Christine.*