

Part A General Information of the Respondent

All fields are mandatory, except the fields with an asterisk (*) if you are an individual respondent.

Name/ Company Name*	:	Enviro Energy International Holdings Limited
Contact Person*	:	
Title*	:	
Phone Number	:	
E-mail Address	:	

If you **do not wish** to disclose the above information to the public, please check the box here:

☐ I do not wish to disclose the information above.

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please make your comments by replying to questions below against proposed changes discussed in the Consultation Paper at the hyperlink: http://www.hkex.com.hk/consult/paper/cp200909m_e.pdf

Where there is insufficient space provided for your comments, please attach additional pages.

For ease of cross-referencing, please note the question numbers in this questionnaire correspond to the question numbers as they appear in the Consultation Paper.

Consultation Questions on Additional Eligibility Requirements for New Applicant Mineral and Exploration Companies

- 3.1 Do you agree with the Exchange's proposal that new applicant Mineral and Exploration Companies must demonstrate that they have adequate rights to participate actively in the exploration or exploration and extraction of resources, either by having controlling interests in a majority (by value) of the assets in which they have invested or through other rights, which give them significant influence in decisions over the extraction of those resources?

☐ Yes

☒ No

Please provide specific reasons for your views.

Please clarify what test will be used to assess adequacy.

- 3.2 Do you agree with our proposal that new applicant Mineral and Exploration Companies that have not yet obtained rights to extract relevant reserves must disclose details of how they plan to proceed to extraction and must state risks relevant to obtaining relevant rights?

☒ Yes

☐ No

Please provide specific reasons for your views.

The proposal provides investors an opportunity to assess the risks of not obtaining relevant rights.

- 3.3 Do you agree that new applicant Mineral and Exploration Companies must demonstrate that they have sufficient working capital for 125% of their budgeted working capital needs for the next twelve months? Do you consider that the requirement for a working capital statement should be extended beyond a period of twelve months?

☐ Yes

☒ No

Please provide specific reasons for your views.

The proposal is too burdensome. In normal circumstances, the budget is prepared by the directors after consultation with professional advisers. t

- 3.4 Do you agree that estimates of cash operating costs must include those of: (a) workforce employment; (b) consumables; (c) power, water and other services; (d) on and off-site administration; (e) environmental protection and monitoring; (f) transport of workforce; (g) product marketing and transport; (h) non-income taxes, royalties and other governmental charges; and (i) contingency allowances?

☒ Yes

☐ No

Please provide specific reasons for your views.

The proposed list is very comprehensive.

- 3.5 Do you agree that producing new applicant Mineral and Exploration Companies must disclose their operating cash cost per appropriate unit for the mineral(s) and/or oil and gas produced?

☐ Yes

☒ No

Please provide specific reasons for your views.

We suggest the Exchange considers adopting other market practices.

- 3.6 Do you agree that a new applicant Mineral and Exploration Company must demonstrate that its board and senior management, taken together, have adequate experience relevant to the mining and/or exploration activity that the applicant is pursuing, unless it can meet the financial track record requirements under Listing Rule 8.05? Do you agree that individuals relied on must have a minimum of five years relevant experience?

☐ Yes

☒ No

Please provide specific reasons for your views.

We suggest the Exchange consider adopting other market practice. The current requirement of 3 years under Rule 18.03 is sufficient. What is the Exchange's justification to extend it to 5 years, which is inconsistent with other markets?

Consultation Questions on Disclosure (General) Obligations

- 4.1 Do you agree with our proposal that technical reports and valuations required by the Listing Rules must be prepared by independent Competent Persons?

☒ Yes

☐ No

Please provide specific reasons for your views.

This proposal is in line with existing listing rules requirements relating to other reports such as valuation and accountants' reports.

- 4.2 Do you agree with our proposal that a Competent Person must be a member of a Recognised Professional Organisation?

☒ Yes

☐ No

Please provide specific reasons for your views.

This proposal is in line with existing listing rules requirements relating to other expert reports.

- 4.3 Do you agree that the Exchange should only accept Competent Persons' Reports (CPRs) prepared by Competent Persons who are registered in jurisdictions where the statutory securities regulator has adequate arrangements with the Securities and Futures Commission for mutual assistance and exchange of information for enforcing and securing compliance with relevant laws of each jurisdiction?

☐ Yes

☒ No

Please provide specific reasons for your views.

We suggest the Exchange considers adopting other market practices.

- 4.4 Do you agree that the CPR must have an effective date less than six months prior to the date of the publication of the prospectus or circular required under the Listing Rules?

☒ Yes

☐ No

Please provide specific reasons for your views.

This proposal is consistent with existing listing rules requirements for certain reports and other market practices.

- 4.5 Do you agree that CPRs must include an up to date no material change statement?

☒ Yes

☐ No

Please provide specific reasons for your views.

This proposal is consistent with other markets.

- 4.6 Do you agree that all Mineral and Exploration Companies must disclose in the CPR, where one is required, risk factors and provide a risk analysis in the format outlined in Appendix I to the Consultation Paper?

☐ Yes

☒ No

Please provide specific reasons for your views.

We suggest the Exchange considers adopting practices of other jurisdictions. Besides, risk factors that are specific to the applicant company and its business will be set out in the 'risk factors' section of listing document already.

- 4.7 Do you agree with the Exchange's proposal that disclosure on risks must be provided as part of a Competent Person's Report?

☐ Yes

☒ No

Please provide specific reasons for your views.

We suggest the Exchange considers adopting other market practices.

- 4.8 Do you agree that data on reserves and resources must be presented in tables in a manner readily understandable to a non-technical person?

☒ Yes

☐ No

Please provide specific reasons for your views.

While we agree to a reader-friendly approach, we suggest the Exchange considers adopting other market practices.

Consultation Questions on Disclosure (Technical Reporting) Standards

- 5.1 Do you agree with the Exchange's proposal to accept the three main JORC-type codes for the presentation of information on resources and reserves, namely the JORC Code, NI 43-101 and the SAMREC Code?

☒ Yes

☐ No

Please provide specific reasons for your views.

There is a significant need to also reference coal resource and reserve reporting standards and to account for the overlap of coalbed methane resource and reserve estimates on both mineral and oil and gas reporting standards.

- 5.2 Do you agree with the Exchange's proposal to request reconciliation to one of the above codes where information is presented in accordance with Russian or Chinese standards, until such time as they achieve widespread recognition or efforts at convergence between these standards and JORC-type codes are sufficiently advanced?

☒ Yes

☐ No

Please provide specific reasons for your views.

Should not limit to Russia and China but any jurisdiction that has a reporting standard which is inconsistent with the selected standards. This encourages all jurisdictions to advance toward fully comparable reporting standards.

- 5.3 Do you agree with the Exchange's proposal to require that estimates of mineral reserves be supported at a minimum by a pre-feasibility study as defined in the SAMREC Code and NI 43-101?

☒ Yes

☐ No

Please provide specific reasons for your views.

The referenced standards speak for themselves insofar as they comprise various specific requirements. The Exchange should not seek to develop unique requirements but simply insist the selected standards are adhered to.

- 5.4 Do you agree with the Exchange's proposal that information on mineral resources and mineral reserves must not be combined?

☐ Yes

☒ No

Please provide specific reasons for your views.

The referenced standards speak for themselves insofar as they comprise various specific requirements. The Exchange should not seek to develop unique requirements but simply insist the selected standards are adhered to. The term "information" is too general.

- 5.5 Do you agree with the Exchange's proposal that mineral resources must only be included in economic analyses if they are appropriately discounted for the probabilities of their conversion to reserves and the basis on which they are considered to be economically extractable is stated?

☐ Yes

☒ No

Please provide specific reasons for your views.

The referenced standards speak for themselves insofar as they comprise various specific requirements. The Exchange should not seek to develop unique requirements but simply insist the selected standards are adhered to. For e.g. Canada's NI 43-101 indicates that mineral resources utilized in economic analyses must have an accompanying statement that they may not be 'economically viable'.

- 5.6 Do you agree with our proposal that Mineral and Exploration Companies must explain the methodology used to determine commodity prices used in pre-feasibility and feasibility-level studies and valuations of reserves and resources, and state the basis on which such prices represent reasonable views of future prices?

☒ Yes

☐ No

Please provide specific reasons for your views.

Management must be provided suitable flexibility in feasibility studies and be allowed to take into account "current economic conditions" which is a generalized scenario that provides management the scope to consider economic conditions according to their interpretations. That said, reporting companies should explain their methodology. The Exchange should not set itself up as a determiner of price forecasts or a judge of the accuracy of one forecast over another.

- 5.7 Do you agree with our proposal that Mineral and Exploration Companies must present sensitivity analyses on price in their valuations of reserves and profit forecasts?

☒ Yes

☐ No

Please provide specific reasons for your views.

Issuers should be provided with a reasonable scope for sensitivity analysis consistent with the selected national reporting standards. E.g. issuers could utilize a "high, low" price sensitivity around a base case.

- 5.8 Do you consider that the requirement to state the methods used to determine prices and state the basis on which they are reasonable should extend to forecast prices of oil and gas?

☐ Yes

☐ No

Please provide specific reasons for your views.

Neither yes nor no at this time. The Exchange should similarly accept other national standards for reporting oil and gas resources and reserves and consider the requirements within those reporting standards.

- 5.9 Do you agree with our proposal to adopt the PRMS as the accepted reporting code for CPRs related to oil and gas resources?

☐ Yes

☐ No

Please provide specific reasons for your views.

Neither yes nor no at this time. PRMS may be seen as a set of guiding definition and/or standards. The Exchange needs to accept one or more national exchange reporting standards similar to what is proposed for mineral resources/reserves. Other suitable oil and gas resource and reserve reporting standards may be considered. Canada's NI 51-101 for e.g. within such reporting standard there should be suitable definitions.

- 5.10 Do you agree with the proposal that Proved and Proved plus Probable Reserves be presented as Net Present Values (“NPVs”) on a post-tax ‘unrisked’ basis at varying discount rates, including a reflection of the weighted average cost of capital or minimum acceptable rate of return applicable to the entity at the time of evaluation?

☒ Yes

☐ No

Please provide specific reasons for your views.

The Exchange can select one or more suitable reporting standards demanded by other exchanges and rely on the methodologies included within those standards.

- 5.11 Do you agree with the proposal that Proved Reserves and Proved plus Probable Reserves must be analysed separately and the principal assumptions must be stated in all cases?

☒ Yes

☐ No

Please provide specific reasons for your views.

The Exchange can select one or more suitable reporting standards demanded by other exchanges and rely on the methodologies included within those standards.

- 5.12 Do you agree with the proposal that companies must present estimates of NPVs of reserves using a forecast price as a base case but must also provide a sensitivity analysis including a constant price, to be represented by the unweighted arithmetic average of the closing price on the first day of each month in that 12 month period? Please note the possible variation in this proposed rule applicable for companies that may be subject to the SEC’s Oil and Gas Disclosure Standards in paragraph 5.59 of the Consultation Paper.

☒ Yes

☐ No

Please provide specific reasons for your views.

The reporting of NPV’s of reserves is consistent with some other national oil and gas reporting standards. The Exchange should select a reporting standard as well as the reserve reporting rules therein.

- 5.13 Do you agree with the Exchange's proposal that disclosures about estimated volumes of oil and gas resources should be allowed, provided relevant risk factors are clearly stated?

☒ Yes
☐ No

Please provide specific reasons for your views.

Reporting should be consistent with a selected national standard of reporting oil and gas resources and reserves.

- 5.14 Do you agree with our proposal that Mineral and Exploration Companies should not be permitted to attach economic values to Contingent or Prospective Resources?

☒ Yes
☐ No

Please provide specific reasons for your views.

The Exchange should rely on the methodologies of the selected reporting standards.

- 5.15 Do you agree with the Exchange's proposed definition of 'Competent Person' for oil and gas reporting?

☐ Yes
☒ No

Please provide specific reasons for your views.

The Exchange can rely on the definitions in the Canadian 43-101.

- 5.16 Do you agree with the Exchange's proposal that CPRs must be prepared by independent Competent Persons and deal with the list of items in Appendix II to the Consultation Paper?

☐ Yes

☒ No

Please provide specific reasons for your views.

Reports by CP's should meet the tests as described in the selected international reporting standards.

- 5.17 Do you agree with the Exchange's proposal to accept the VALMIN, CIMVAL and SAMVAL valuation codes for the valuation of natural resources properties?

☐ Yes

☒ No

Please provide specific reasons for your views.

The referenced models are satisfactory but valuation needs remain a management responsibility and therefore the Exchange may recommend but not require specific models to be utilized but used as guidelines.

- 5.18 Do you agree with the Exchange's proposed definition of 'Competent Person' for valuation purposes?

☐ Yes

☐ No

Please provide specific reasons for your views.

- 5.19 Do you agree with the Exchange's proposal that company management and the relevant independent expert must determine whether a valuation report is required?

☒ Yes

☐ No

Please provide specific reasons for your views.

Consultation Questions on Continuing Obligations (for companies treated as Mineral and Exploration Companies and existing listed issuers engaging in mineral and/or exploration activity)

- 6.1 Do you agree with our proposal that Mineral and Exploration Companies must produce CPRs on transactions for the acquisition or disposal of resources and/or reserves, which require shareholder approval (i.e. transactions which are classed as 'major' or above)?

☐ Yes

☒ No

Please provide specific reasons for your views.

Our suggestion: 'major' or above AND more than 25 % dilution, like TSX.

- 6.2 Do you agree with our proposal that listed issuers which enter into acquisitions for resources and/or reserves classed as major or above must also comply with the requirement to produce CPRs? Do you consider that such companies should be granted a short grace period for relevant transactions that have already been entered into and announced on implementation of the new rules?

☐ Yes

☐ No

Please provide specific reasons for your views.

Please refer to our reply to 6.1. Re: grace period – agreed.

- 6.3 Do you agree with our proposal that, we may dispense with the requirement for CPRs on relevant transactions if detailed information on reserves and resources, in accordance with our approved mineral and/or oil and gas codes, is already in the public domain?

☒ Yes

☐ No

Please provide specific reasons for your views.

The proposal is sensible.

- 6.4 Do you agree listed issuers that have previously published details of reserves and resources must update such statements once a year in their annual reports?

☒ Yes

☐ No

Please provide specific reasons for your views.

It is reasonable to update shareholders.

- 6.5 Do you agree with our proposal that Mineral and Exploration Companies must provide details of exploration, mining production and development activities and details of expenditure incurred on these three activities in their interim (half-yearly) and annual reports?

☐ Yes

☐ No

Please provide specific reasons for your views.

The requirements for continuous disclosure should be consistent with the selected national reporting standard such as Canada NI 43-101 and companion policies which focus on continuous reporting of financial information (quarterly) the provision of an “annual information form” and reporting of “material” (as defined) changes or other new information. The Exchange should not exceed the reporting requirements of the national exchanges selected for their reporting standards.

- 6.6 Do you agree with the Exchange’s proposal to prohibit blanket disclaimers in technical reports?

☒ Yes

☐ No

Please provide specific reasons for your views.

This would be ideal for the Exchange and shareholders. What are the practices of other markets, apart from Canada?

- 6.7 Do you agree with the Exchange’s proposal to disallow material indemnities in favour of the Competent Person or entity that prepared the report?

☐ Yes

☐ No

Please provide specific reasons for your views.

What is the test for materiality?

Consultation Question on Social and Environmental Standards

- 7.1 Do you agree with the Exchange’s proposal to encourage Mineral and Exploration Companies to consider and provide disclosure on the social and environmental matters described in paragraph 7.1 of the Consultation Paper, where material to their business operations?

☐ Yes

☒ No

Please provide specific reasons for your views.

The Exchange should not exceed the reporting requirements of the national reporting standards it has nominated for application. The Exchange should work collaboratively with all the other national bodies working toward consistent reporting of mineral and oil and gas resources and reserves and not establish independent requirements which are in excess of the other standard of major resource country exchanges.

Consultation Questions on Eligibility of exploration companies

- 8.1 Do you agree that Chapter 18 should be amended to allow Mineral and Exploration Companies that have mineral or oil and gas resources to apply for listing?

☒ Yes

☐ No

Please provide specific reasons for your views.

The proposal provides investors with more investment choices.

- 8.2 Do you agree that it is not appropriate to list early stage exploration companies in the interests of investor protection, i.e. those that have not yet determined the existence of resources?

☐ Yes

☒ No

Please provide specific reasons for your views.

The Exchange must strive to raise the competitiveness of the HK markets by striking a balance between protecting investors and assisting potential issuers, including exploration companies, in being listed on the Exchange. Other international markets such as Singapore and London AIM are more open to listing new exploration companies. Besides, there is no equivalent of Chapter 18 under the GEM listing rules.

The listing requirements should be consistent with the listing requirements of the major resource company exchanges (e.g. TSX) which have extensively studied and have extensive experience in exploration company listings.

- 8.3 Do you agree that new applicant Mineral and Exploration Companies that have not yet commenced production must disclose their plans to proceed to production with indicative dates and costs?

☐ Yes

☒ No

Please provide specific reasons for your views.

Exploration companies that meet listing requirements should be allowed to pursue their business plans consistent with their financial and resource-base situations. If a company meets the listing requirements it may still not have a precise development schedule with indicative dates and costs other than those which are included in the companies reports which have been or are disclosed consistent with the reporting standards.

- 8.4 Do you consider that new applicant Mineral and Exploration Companies which have not yet commenced production should be subject to any additional eligibility requirements, such as a requirement to have a minimum market capitalisation?

☐ Yes

☒ No

Please provide specific reasons for your views.

There are already specific requirements under Rule 8.

The Exchange should look to the listing requirements of the major resource country exchanges (e.g. TXS) which have extensively studied and evaluated listings of exploration companies and have extensive experience with such listings over a significant period of time.

8.5 Do you agree with the Exchange's proposed definition for 'Mineral and Exploration Companies'?

☐ Yes

☒ No

Please provide specific reasons for your views.

If a company would meet the listing requirements as (or to be) defined – e.g. consistent with the requirements of other major resource exchanges such as TSX, then the % of total activity requirement would seem to be arbitrary and unnecessary. For e.g. if a company meets the listing requirements of having substantial reserves in place and supported by CP reports etc. as required, then it would not be necessary that the exploration/mining activity be a certain percentage of its total activities since the company has met the listing requirements.

- End -