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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1102)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

The Board of Directors (the “**Board**” or “**Directors**”) of Enviro Energy International Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2016 together with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2016

	<i>Notes</i>	Six months ended 30 June	
		2016	2015
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Continuing operations:			
Revenue	4	120,471	184
Cost of sales		(117,294)	(42)
Gross profit		3,177	142
Other gains, net		818	3,305
Selling and distribution expenses		(83)	(64)
Administrative and operating expenses		(9,033)	(22,963)
Operating loss		(5,121)	(19,580)
Finance income		5	–
Finance cost	5	(3,120)	–
Loss before taxation	6	(8,236)	(19,580)
Income tax	7	–	–

		Six months ended 30 June	
		2016	2015
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Loss for the period from continuing operations		(8,236)	(19,580)
Discontinued operation:			
Profit for the period from discontinued operation	8	<u>—</u>	<u>4</u>
Loss for the period		<u>(8,236)</u>	<u>(19,576)</u>
Attributable to:			
Owners of the Company			
Continuing operations		(8,171)	(19,450)
Discontinued operation		<u>—</u>	<u>211</u>
		(8,171)	(19,239)
Non-controlling interests			
Continuing operations		(65)	(130)
Discontinued operation		<u>—</u>	<u>(207)</u>
		<u>(65)</u>	<u>(337)</u>
		<u>(8,236)</u>	<u>(19,576)</u>
Loss per share attributable to owners of the Company (expressed in HK cent per share)	10		
Basic and diluted — from continuing operations		(0.12)	(0.37)
Basic and diluted — from discontinued operation		<u>—</u>	<u>—</u>
		<u>(0.12)</u>	<u>(0.37)</u>
Dividends	9	<u>—</u>	<u>—</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Loss for the period	(8,236)	(19,576)
Other comprehensive income/(loss)		
<i>Items that may be reclassified to profit or loss:</i>		
Fair value gain on available-for-sale investment	–	88
Exchange differences arising on translation of foreign operations	<u>2,021</u>	<u>(58,441)</u>
Other comprehensive income/(loss) for the period, net of tax	<u>2,021</u>	<u>(58,353)</u>
Total comprehensive loss for the period	<u>(6,215)</u>	<u>(77,929)</u>
Attributable to:		
Owners of the Company	<u>(8,423)</u>	<u>(63,478)</u>
Non-controlling interests	<u>2,208</u>	<u>(14,451)</u>
Total comprehensive loss for the period	<u>(6,215)</u>	<u>(77,929)</u>
Total comprehensive loss attributable to owners of the Company arises from:		
Continuing operations	<u>(8,423)</u>	<u>(21,454)</u>
Discontinued operation	<u>–</u>	<u>(42,024)</u>
	<u>(8,423)</u>	<u>(63,478)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2016

		As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	<i>11</i>	749	760
Exploration and evaluation assets	<i>12</i>	81,019	77,500
Investment properties	<i>13</i>	94,897	96,882
Available-for-sale investments	<i>14</i>	100,207	290
Club memberships		330	330
Deposits	<i>16</i>	325	330
		<u>277,527</u>	<u>176,092</u>
Current assets			
Inventories		425	407
Trade receivables	<i>15</i>	63,908	6,932
Deposits, prepayments and other receivables	<i>16</i>	135,915	42,734
Bank balances and cash		61,682	310,736
		<u>261,930</u>	<u>360,809</u>
Total assets		<u>539,457</u>	<u>536,901</u>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	<i>19</i>	17,632	17,630
Reserves		351,524	359,822
		<u>369,156</u>	<u>377,452</u>
Non-controlling interests		50,927	48,719
Total equity		<u>420,083</u>	<u>426,171</u>

		As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
LIABILITIES			
Current liabilities			
Trade and other payables	<i>17</i>	11,817	13,848
Consideration payables for acquisition of investment properties	<i>17</i>	–	96,882
Bank borrowing	<i>18</i>	107,557	–
Total liabilities		119,374	110,730
Total equity and liabilities		539,457	536,901

Notes:

1. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2016 (the “**Review Period**”) has been prepared in accordance with Hong Kong Accounting Standard 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosures required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The condensed consolidated interim financial information has been prepared under the historical cost convention, except for investment properties and an available-for-sale investment which are measured at fair values. The condensed consolidated interim financial information are presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated.

2. Principal accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

Amendments to HKFRSs effective for the financial year ending 31 December 2016 do not have a material impact on the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The Group has not adopted any new HKFRSs that are not yet effective for the current accounting period.

3. Segment information

In a manner consistent with the way in which information is reported internally to the Chief Executive Officer of the Company (the “**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) Investment holding
- (v) Exploration, development and production of coalbed methane 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 club memberships and other unallocated corporate assets.
- (b) Segment liabilities include all liabilities except for bank borrowing and other 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, net, selling and distribution expenses and administrative and operating expenses.

The amounts provided to the CEO with respect to the information mentioned above are measured in a manner consistent with that of the condensed consolidated financial information.

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

	Continuing operations				Consolidated HK\$'000 (Unaudited)
	Natural resources and energy related business HK\$'000 (Unaudited)	Information technology and related business HK\$'000 (Unaudited)	Property investment HK\$'000 (Unaudited)	Investment holding HK\$'000 (Unaudited)	
Six months ended 30 June 2016					
Segment revenue	106,303	14,168	-	-	120,471
Gross profit	2,968	209	-	-	3,177
Other gains, net	98	802	3	-	903
Selling and distribution expenses	(83)	-	-	-	(83)
Administrative and operating expenses	(547)	(7)	(618)	-	(1,172)
Segment results	2,436	1,004	(615)	-	2,825
Unallocated: Other losses, net					(85)
Administrative and operating expenses					(7,861)
Operating loss					(5,121)
Finance income					5
Finance cost					(3,120)
Loss before taxation					(8,236)
Income tax					-
Loss for the period					(8,236)
As at 30 June 2016					
Segment assets	330,805	-	95,560	100,207	526,572
Unallocated assets					12,885
Total assets					539,457
Segment liabilities	9,349	-	1,693	-	11,042
Unallocated liabilities					108,332
Total liabilities					119,374

	Continuing operations				Discontinued operation	Consolidated HK\$'000 (Unaudited)
	Natural resources and energy related business HK\$'000 (Unaudited)	Information technology and related business HK\$'000 (Unaudited)	Property Investment HK\$'000 (Unaudited)	Subtotal HK\$'000 (Unaudited)	Gas exploration in China HK\$'000 (Unaudited)	
Six months ended 30 June 2015						
Segment revenue	174	10	-	184	-	184
Gross profit	133	9	-	142	-	142
Other gains, net	62	32	-	94	5	99
Selling and distribution expenses	(64)	-	-	(64)	-	(64)
Administrative and operating expenses	(1,895)	(627)	-	(2,522)	(1)	(2,523)
Segment results	<u>(1,764)</u>	<u>(586)</u>	<u>-</u>	<u>(2,350)</u>	<u>4</u>	<u>(2,346)</u>
Unallocated:						
Other gains, net						3,211
Administrative and operating expenses						<u>(20,441)</u>
Loss before taxation						(19,576)
Income tax						<u>-</u>
Loss for the period						<u><u>(19,576)</u></u>
As at 31 December 2015						
Segment assets	283,700	-	96,882	380,582	-	380,582
Unallocated assets						<u>156,319</u>
Total assets						<u><u>536,901</u></u>
Segment liabilities	11,697	-	97,227	108,924	-	108,924
Unallocated liabilities						<u>1,806</u>
Total liabilities						<u><u>110,730</u></u>

4. Revenue

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

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

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Continuing operations:		
Sale of solar panels	106,264	–
Sale of electronic components	14,168	–
Sale of marble products	39	174
Network infrastructure maintenance	–	10
	<u>120,471</u>	<u>184</u>

5. Finance cost

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Continuing operations:		
Interest on bank borrowing wholly repayable within one year	<u>3,120</u>	<u>–</u>

6. Loss before taxation

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

	Continuing operations		Discontinued operation		Total	
	Six months ended 30 June 2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	Six months ended 30 June 2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	Six months ended 30 June 2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Cost of inventories sold	117,294	42	–	–	117,294	42
Depreciation of property, plant and equipment	46	135	–	–	46	135
Operating lease payments	1,197	919	–	–	1,197	919
Investor relations expenses						
— Cash payments	–	273	–	–	–	273
Staff costs, including directors' emoluments						
— Salaries, allowances and other benefits (Note)	4,174	17,544	–	–	4,174	17,544
— Retirement benefit scheme contributions	147	65	–	–	147	65
Gain on disposal of property, plant and equipment	–	(51)	–	–	–	(51)
Exchange loss/(gain), net	30	–	–	(5)	30	(5)
Write down of inventories	–	216	–	–	–	216
Reversal of accrual for withholding tax	–	(3,157)	–	–	–	(3,157)
Impairment loss on an available-for-sale investment	83	–	–	–	83	–

Note: During the six months ended 30 June 2015, Mr. Chan Wing Him Kenny, the former chairman and chief executive officer of the Company, and Dr. Arthur Ross Gorrell, a former executive director of the Company, waived emoluments of approximately HK\$1,981,000 and HK\$13,000 respectively.

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 full financial year based on management's estimates (30 June 2015: nil).

Enterprise income tax has not been provided for the subsidiaries in China as they did not generate any assessable profits for the full financial year based on management's estimates (30 June 2015: nil).

Corporate income tax has not been provided for the subsidiaries in Indonesia as they did not generate any assessable profits for the full financial year based on management's estimates (30 June 2015: nil).

8. 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**"), former subsidiaries of the Company which collectively held 71.61% equity interest in TerraWest Energy Corporation ("**TWE**"), to its shareholders upon the approval by the shareholders and the completion of a restructuring plan. The distribution in specie was approved by the shareholders of the Company on 28 January 2015 and was completed on 18 February 2015 (Note 9). Its results are presented as a discontinued operation in the condensed consolidated interim financial information.

	Six months ended 30 June 2015 <i>HK\$'000</i> (Unaudited)
Expenses	(1)
Other income	5
	<hr/>
Profit before income tax from discontinued operation	4
Income tax credit	–
	<hr/>
Profit for the period from discontinued operation	4
	<hr/> <hr/>
Profit/(loss) for the period from discontinued operation attributable to:	
— Owners of the Company	211
— Non-controlling interests	(207)
	<hr/>
	4
	<hr/> <hr/>
Cash flow from discontinued operation:	
Net cash used in operating activities	(21)
	<hr/> <hr/>

9. Dividends and distribution in specie

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2016 (30 June 2015: nil).

On 24 November 2014, the Board announced a proposed dividend by way of distribution in specie to distribute all of its equity interests of Chinook Holdings Limited, Aces Diamond and Chavis, former subsidiaries of the Company which collectively held 71.61% equity interest in TWE, all together known as “**Chinook Group**”, to its shareholders upon the approval by the shareholders and the completion of a restructuring plan.

On 29 January 2015, Aces Diamond subscribed for 95,923,930 ordinary shares of TWE through exercise of 90,000,000 warrants C and 5,923,930 warrants D of TWE at an aggregate considerations of approximately CAD6,892,000 (equivalent to approximately HK\$43,032,000). The considerations were fully set off by the debt owed by TWE to the Company. After the subscription, the Group’s controlling interests in TWE had increased from 71.61% to 77.97%. The difference between the considerations paid and the additional share of the carrying value of the net assets of TWE acquired of approximately HK\$32,901,000 was recorded in equity.

On 18 February 2015, all of the Company’s equity interests of Chinook Group were distributed to the owners of the Company. The net assets value of Chinook Group attributable to the owners of the Company at the date of distribution was approximately HK\$555,559,000, which was directly deducted from equity.

The net assets of the Chinook Group at the date of completion of distribution in specie:

	<i>HK\$’000</i>
Exploration and evaluation assets	914,421
Bank balances and cash	112
Other payables	(9,322)
Deferred tax liabilities	(194,293)
	<hr/>
Net assets	710,918
Non-controlling interests	(155,359)
	<hr/>
Net assets attributable to the owners of the Company	555,559
	<hr/> <hr/>
Net cash outflow from distribution in specie:	
Outflow of cash and cash equivalents from distribution in specie	(112)
	<hr/> <hr/>

10. Loss per share

- (a) Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2016 and 2015.

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

	Six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
(Loss)/profit attributable to owners of the Company for the purpose of calculating basic loss per share (<i>HK\$'000</i>)		
— Continuing operations	(8,171)	(19,450)
— Discontinued operation	—	211
	<u>(8,171)</u>	<u>(19,239)</u>
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share (<i>'000</i>)	<u>7,052,525</u>	<u>5,247,136</u>

- (b) The Group had share options and warrants outstanding as at 30 June 2016. The share options and warrants did not have dilutive effect on loss per share for the six months ended 30 June 2016 and 30 June 2015.

11. Property, plant and equipment

During the Review Period, the Group did not purchase any property, plant and equipment (30 June 2015: addition of HK\$1,037,000). No property, plant and equipment was disposed of during the Review Period (30 June 2015: property, plant and equipment with carrying amount of HK\$187,000 was disposed of, resulting in a gain on disposal of HK\$51,000).

12. Exploration and evaluation assets

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Mining properties	<u>81,019</u>	<u>77,500</u>

Movement of the mining properties during the period is as follows:

	Six months ended 30 June	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)
At cost		
At 1 January	77,500	141,070
Exchange differences	<u>3,519</u>	<u>(9,891)</u>
At 30 June	<u>81,019</u>	<u>131,179</u>

13. Investment properties

During the Review Period, the Group's addition to investment properties amounted to HK\$15,000 (30 June 2015: nil).

At 30 June 2016, the Group's investment property was fair valued by the management by reference to recent market evidence of transaction prices for similar properties in similar location and condition. No valuation was performed by independent qualified professional valuers not connected to the Group. There is no change in fair value of the investment property for the current period.

As at 30 June 2016, the Group's investment properties with carrying amount of HK\$94,897,000 (31 December 2015: nil) were pledged to secure certain interest-bearing bank borrowing and undrawn bank facilities granted to the Group (Note 18).

14. Available-for-sale investments

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Unlisted equity securities, at cost (<i>Note</i>)	100,000	–
Listed equity securities, at quoted price	207	290
	<u>100,207</u>	<u>290</u>

Note: The balance represents the Group's investment in unlisted equity securities issued by Global High Growth Industries Fund Series SPC. It is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that its fair value cannot be measured reliably. The Group does not intend to dispose of it in the near future.

15. Trade receivables

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Trade receivables	63,908	6,932

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 reporting date, based on invoice date, is as follows:

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Within 30 days	–	6,838
31–60 days	10,857	–
Over 60 days	53,051	94
	<u>63,908</u>	<u>6,932</u>

16. Deposits, prepayments and other receivables

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Non-current		
Deposits	325	330
	<u>325</u>	<u>330</u>
Current		
Deposits	13	41
Prepayments	587	925
Prepayment for purchases of inventories	134,754	41,335
Other receivables	561	433
	<u>135,915</u>	<u>42,734</u>
Total deposits, prepayments and other receivables	<u>136,240</u>	<u>43,064</u>

17. Trade and other payables

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Trade payables	–	3,013
Other payables	1,538	830
Consideration payable	7,800	7,800
Accrued liabilities	2,479	2,205
	<u>11,817</u>	<u>13,848</u>
Consideration payables for acquisition of investment properties	–	96,882
	<u>11,817</u>	<u>110,730</u>

As at 31 December 2015, trade payables are repayable according to normal terms from 30 to 60 days.

The ageing analysis of trade payables based on invoice date is as follows:

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Within 30 days	—	3,013

18. Bank borrowing

As at 30 June 2016, the analysis of the carrying amount of bank borrowing is as follows:

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Bank borrowing		
— Secured	<u>107,557</u>	<u>—</u>
Represented by:		
Current	<u>107,557</u>	<u>—</u>

On 28 January 2016, Huan Neng International Trading (Yingkou) Company Limited (“HNYK”), an indirect wholly owned subsidiary of the Company, as borrower, entered into a bank borrowing agreement for RMB 92,000,000 (equivalent to approximately HK\$107,557,000) with a commercial bank in the People’s Republic of China (the “PRC”). The bank borrowing was secured by the investment properties of the Group with carrying amount of HK\$94,897,000 as at 30 June 2016.

19. Share capital

	Number of shares (’000)	Share capital HK\$’000 (Unaudited)
Authorised:		
Ordinary shares of HK\$0.0025 each		
At 31 December 2015 and 30 June 2016	<u>20,000,000</u>	<u>50,000</u>
Issued and fully paid:		
At 1 January 2015	5,240,327	13,101
Issuance of new shares upon exercise of share options (<i>Note (a)</i>)	24,647	61
Issuance of new shares upon exercise of warrants (<i>Note (b)</i>)	<u>47,568</u>	<u>119</u>
At 30 June 2015	<u>5,312,542</u>	<u>13,281</u>
At 1 January 2016	7,052,007	17,630
Issuance of new shares upon exercise of warrants (<i>Note (b)</i>)	<u>605</u>	<u>2</u>
At 30 June 2016	<u>7,052,612</u>	<u>17,632</u>

Notes:

- (a) During the six months ended 30 June 2015, the Company issued approximately 24,647,000 shares of the Company of HK\$0.0025 each for proceeds of approximately HK\$2,886,000, as a result of exercise of share options. The weighted average exercise price was approximately HK\$0.12 per share. Among the proceeds of approximately HK\$2,886,000, approximately HK\$61,000 were credited to the share capital account and the balance of approximately HK\$2,825,000 were credited to the share premium account. No share options were exercised during the six months ended 30 June 2016.
- (b) During the six months ended 30 June 2016, approximately 605,000 shares (30 June 2015: 47,568,000 shares) of the Company were issued as a result of exercise of approximately 605,000 units of warrants (30 June 2015: 47,568,000 units of warrants) by warrant holders. The proceeds from the exercise of the warrants was approximately HK\$127,000 (30 June 2015: HK\$9,988,000) among which approximately HK\$2,000 (30 June 2015: HK\$119,000) were credited to the share capital account and the balance of approximately HK\$125,000 (30 June 2015: HK\$9,869,000) were credited to the share premium account.

As at 30 June 2016, the Company had approximately 309,154,000 units of warrants (31 December 2015: 309,759,000 units of warrants) outstanding, which represented approximately 4.38% (31 December 2015: 4.39%) of the Company's shares in issue as at that date.

20. Disposal of subsidiaries

During March and April 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 were wholly owned subsidiaries of the Company which major assets comprised of several motor vehicles, a club membership, a convertible debenture and balances at bank, to Sun Ray Capital Investment Corporation, which is beneficially owned by Mr. Chan Wing Him Kenny, the former chairman and chief executive officer of the Company, at an aggregate consideration of approximately HK\$2,984,000. There was no gain or loss on disposal of these subsidiaries. These transactions constitute related party transactions of the Group.

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

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

	<i>HK\$'000</i> (Audited)
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)
	<hr/>
	5,233
Gain on disposal of subsidiaries	–
	<hr/>
Net proceeds received from disposal of subsidiaries	5,233
	<hr/> <hr/>
Satisfied by:	
Cash consideration	5,233
	<hr/> <hr/>
Net cash inflow from disposal of subsidiaries:	
Cash consideration received	5,233
Cash and cash equivalents disposed of	(1,138)
	<hr/>
	4,095
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21. Events after the end of the reporting period

On 12 July 2016, HNYK entered into an agreement to purchase Liaoning Taoqibao Mall Management Co., Limited (literal translation of the Chinese name) (“**Liaoning Taoqibao**”) which owns a piece of land of gross area of approximately 4,320 square meters together with a property of twelve floors erected thereon of gross construction area of approximately 17,800 square meters for a consideration of RMB100,000,000 (equivalent to approximately HK\$115,900,000). The property is situated in Yingkou City, Liaoning Province, the PRC and the Group intends to renovate the property to enhance its value for sale and/or lease in the market. The acquisition was completed on 20 July 2016. Further details of the transaction are stated in the Company’s announcements dated 12 July 2016 and 20 July 2016.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2016 (30 June 2015: nil).

MANAGEMENT DISCUSSION AND OUTLOOK

BUSINESS REVIEW

During the Review Period, the Group continued to engage in investment holding, property investment, natural resources and energy and information technology related businesses. For the Review Period, the Group reported revenue of HK\$120,471,000, increased by over 653 times from the previous period (30 June 2015: HK\$184,000), and gross profit of HK\$3,177,000, showing an increase of over 21 times compared to the prior period (30 June 2015: HK\$142,000). The increases in the Group's revenue and gross profit were mainly attributed to the increase in sales of energy and information technology related products during the Review Period.

Natural Resources and Energy Related Business

Operations

Since December 2015, the Group has expanded its scope of natural resources business to energy related products by engaging in the sale of solar panels. During the Review Period, the Group recorded revenue of HK\$106,264,000 from the sale of solar panels, compared to HK\$8,684,000 recorded in December 2015. The solar panels traded by the Group are for the use by solar power plants in the PRC for building their power generation facilities, and these solar panels are in good demand primarily as a result of the promotion of "Clean Energy" concept in the PRC. The Group also continued to trade marble products during the Review Period and recorded revenue of HK\$39,000, decreased by 78% when compared to the previous period (30 June 2015: HK\$174,000) as demand remained low.

Resources and reserves

As at 30 June 2016, the Company indirectly held approximately 90% equity interest of PT. Bara Hugo Energy ("**BHE**") that held 37.5% equity interest of PT. Grasada Multinational ("**GM**") which in turn held a mining permit covering approximately 33 hectares at Selenrang, Bontoa, Maros Regency (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 m³. Details of the resources from the CPR were set out in the annual report of the Company for the year ended 31 December 2015.

As disclosed in the annual report of the Company for the year ended 31 December 2015, 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. In May 2016, after the management of BHE was made aware by the Sulawesi Provincial Government of Indonesia that certain of the mining areas within the GM Quarry may be designated as archaeological and tourism sites, and that GM has delegated BHE to submit an application (the “**Application**”) for extending the mining permit, BHE has accordingly made the Application with a reduced mining area within the GM Quarry that focuses on the key development area as referred to in the CPR. Based on an estimate by the management of BHE after consultation with the independent valuer involved in the CPR, the reduction of the mining area may affect the mining resources and reserves within the GM Quarry by approximately 36%. Therefore, the reduced total proved and probable gross (100%) mineable reserve of marble estimate would be approximately 1,670,000 m³. As the reduced mineable reserve estimate still represents seven times the forecast 10-year production figures for the GM Quarry (such figures form the basis in arriving at the valuation of GM Quarry calculated under a discounted cash flow method), the management of BHE does not consider there will be any significant adjustment to the carrying amount of GM Quarry of HK\$81,019,000 as at 30 June 2016 if the Application is granted without modification. As of the date of this announcement, BHE has yet to hear from the Sulawesi Provincial Government of Indonesia regarding the Application. As the outcome of the Application is uncertain, the condensed consolidated interim financial information of the Group do not include any adjustment on the carrying amount of the mining properties as at 30 June 2016 that would be required if the Application is not granted or modified. Appropriate announcement and/or disclosure in the forthcoming annual report on material development and outcome of the Application will be made in due course.

Overall speaking, the operation recorded a profit of HK\$2,436,000 during the Review Period in contrast to the loss results of HK\$1,764,000 in the prior period, primarily due to the new source of income generated by the sale of solar panels.

Information Technology and Related Business

During the Review Period, the revenue from the information technology and related business increased significantly and reached HK\$14,168,000 (30 June 2015: HK\$10,000), representing trading income from sale of information technology related products. The operation’s profit for the Review Period was approximately HK\$1,004,000 compared to the operation’s loss of approximately HK\$586,000 in the previous period. The improvement of the operation’s results was mainly due to the expansion of the operation’s scope of business by engaging in sales of components of various electronic devices.

Property Investment

During the Review Period, the Group’s investment properties situated in Yingkou City, Liaoning Province, the PRC, comprising 40 commercial units totalling approximately 14,182.14 square meters, are still in the stage of refurbishment. The Group intends to lease out the properties for rental income as well as for potential capital gain. The property investment business recorded an operation’s loss of HK\$615,000 during the Review Period representing mainly administrative and operating expenses incurred.

In July 2016, subsequent to the Review Period, the Group entered into an agreement to purchase Liaoning Taoqibao which owns a piece of land of gross area of approximately 4,320 square meters together with a property of twelve floors erected thereon of gross construction area of approximately 17,800 square meters for a consideration of RMB100,000,000 (equivalent to approximately HK\$115,900,000). The property is situated in Yingkou City, Liaoning Province, the PRC and the Group intends to renovate the property to enhance its value for sale and/or lease in the market. The Board is also of the view that the acquisition will enable the Group to increase its reserve of commercial properties for sale and/or lease in the future, which is in line with the Group's existing business in property investment. Further details of the transaction are stated in the Company's announcement dated 12 July 2016.

Investment Holding

In January 2016, the Group had subscribed for Class A Shares of China Huacai Finance Equity Investment Fund SP (the "**Fund**") for a consideration of HK\$100,000,000. The Fund is a sub-fund, which is a segregated portfolio, of Global High Growth Industries Fund Series SPC, and managed by Sheng Yuan Asset Management Limited as investment manager (the "**Investment Manager**") of the Fund. The principal investment objective of the Fund is to seek to achieve capital appreciation through investing in a portfolio consisting primarily of listed securities of companies established or operating in Hong Kong, Mainland China and Taiwan, as well as investing in various types of private funds, private equities and private debt products. The Investment Manager utilises a top-down and bottom-up investment process driven by intensive fundamental research to determine the optimal asset allocation for the Fund. The Board considers that the subscription is in line with the Group's objective to grow its investment return by adopting a proactive but prudent approach in its investments. Further details of the transaction are stated in the Company's announcement dated 26 January 2016.

Overall Results

For the Review Period, the Group recorded a loss attributable to owners of the Company of HK\$8,171,000 (30 June 2015: HK\$19,239,000) and basic loss per share of HK0.12 cent (30 June 2015: HK0.37 cent). The reduction in the Group's loss for the period was mainly due to the increase in gross profit by over 21 times and the 61% decrease in administrative and operating expenses to HK\$9,033,000 (30 June 2015: HK\$22,963,000), being mainly related to decrease in staff costs (including directors' emoluments) and the absence of professional fees incurred in relation to the distribution in specie completed in February 2015 and the general offer extended to shareholders in June 2015.

Other Comprehensive Income

During the Review Period, the Group recorded an other comprehensive income of HK\$2,021,000 (30 June 2015: loss of HK\$58,353,000) which represented exchange gains arising on translation of the Indonesian operation. During the Review Period, the Indonesian Rupiah appreciated by approximately 5% against the Hong Kong dollar which resulted in exchange gains when translating the financial statements of the Indonesian operation.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 30 June 2016, the Group had current assets of HK\$261,930,000 (31 December 2015: HK\$360,809,000) comprising bank balances and cash of HK\$61,682,000 (31 December 2015: HK\$310,736,000). The decrease in bank balances and cash was primarily due to the funds applied for prepayment for purchases of inventories of HK\$93,419,000 in relation to the sale activities of granite and related products; the subscription of the Fund of HK\$100,000,000 and the settlement of the consideration for acquisition of investment properties of HK\$96,882,000. The Group's current ratio, calculated based on current assets of HK\$261,930,000 (31 December 2015: HK\$360,809,000) over current liabilities of HK\$119,374,000 (31 December 2015: HK\$110,730,000), was at a healthy ratio of about 2.2 at the period end (31 December 2015: 3.3). At the period end, the Group's current liabilities increased by 7.8% to HK\$119,374,000 over the last year end (31 December 2015: HK\$110,730,000) and the increase was primarily due to a new bank borrowing of HK\$107,557,000 raised during the Review Period, whilst partly offset by the settlement of the consideration for acquisition of investment properties of HK\$96,882,000 accrued at the last year end. The bank borrowing is secured, denominated in Renminbi, bears interest of fixed rate and is due within one year.

At the period end, the equity attributable to owners of the Company amounted to HK\$369,156,000 (31 December 2015: HK\$377,452,000). The decrease in the equity attributable to owners of the Company was mainly a result of the loss incurred by the Group during the Review Period.

As at 30 June 2016, the debt to equity ratio and net debt to equity ratio of the Group, which calculated by dividing total interest-bearing debt by total equity and dividing total interest-bearing debt less bank balances and cash by total equity, were 25.6% (31 December 2015: nil) and 10.9% (31 December 2015: nil) respectively. The Group had no bank borrowing as at 31 December 2015.

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 30 June 2016, the investment properties of the Group with carrying amount of HK\$94,897,000 were pledged to secure for a bank borrowing (31 December 2015: nil).

Foreign Exchange Exposure

During the Review Period, the Group mainly earned revenue and incurred costs in Hong Kong dollar, Indonesian Rupiah, 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 utilising 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 30 June 2016, the Group had capital commitments of approximately HK\$102,304,000 for acquisition of such investment properties (31 December 2015: HK\$102,304,000). Further details of the transaction are stated in the Company's announcement dated 23 December 2015 and the Company's circular dated 17 February 2016.

Contingent Liabilities

As at 30 June 2016, the Group had no significant contingent liabilities (31 December 2015: nil).

BUSINESS PROSPECTS

It is the intention of the management to step up its effort to improve the financial performance of the existing businesses of the Group and to explore business opportunities in the natural resources and energy, information technology, property investment and investment holdings segments or other new segments with good prospects that will bring substantial value to shareholders.

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the Review Period.

AUDIT COMMITTEE

The unaudited condensed consolidated interim financial information of the Company for the Review Period have not been audited, but have been reviewed by the Audit Committee of the Company and are duly approved by the Board under the recommendation of the Audit Committee.

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

During the Review Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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

Hong Kong, 26 August 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.