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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)

### AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

Reference is made to the announcement of Enviro Energy International Holdings Limited (the “**Company**”), together with its subsidiaries (the “**Group**”), dated 31 March 2021 in relation to the unaudited annual results of the Group for the year ended 31 December 2020 (the “**Unaudited Annual Results Announcement**”). The Board of directors (the “**Board**”) of the Company is pleased to announce that the Company’s auditor, ZHONGHUI ANDA CPA Limited (“**ZHONGHUI ANDA**”) has completed its auditing process of the Group’s consolidated financial statements for the year ended 31 December 2020 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. As certain adjustments have been made to the Group as contained in the Unaudited Annual Results Announcement, the differences between the unaudited annual results and the audited annual results contained in this announcement are set out in the section headed “Material Differences between Unaudited and Audited Annual Results” in accordance with Rule 13.49(3)(ii)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Board hereby announces the consolidated results of the Group for the year ended 31 December 2020 together with comparative figures as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
<b>Revenue</b>	5	<b>54,054</b>	56,883
Cost of sales		<b>(53,455)</b>	(56,386)
<b>Gross profit</b>		<b>599</b>	497
Other gains, net	6	<b>231</b>	69
Interest income		<b>15,259</b>	15,736
Fair value change on investment properties		<b>(2,023)</b>	(2,270)
Administrative and operating expenses		<b>(18,048)</b>	(21,560)
<b>Loss from operations</b>		<b>(3,982)</b>	(7,528)
Finance costs	7	<b>(21,794)</b>	(17,558)
<b>Loss before tax</b>	8	<b>(25,776)</b>	(25,086)
Income tax expense	9	–	–
<b>Loss for the year</b>		<b>(25,776)</b>	(25,086)
<b>Loss per share</b> (expressed in HK cent per share)			
Basic and diluted	11	<b>(5.40)</b>	(5.55)
Dividends	10	–	–

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Loss for the year</b>	<u>(25,776)</u>	<u>(25,086)</u>
<b>Other comprehensive income/(loss), after tax</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>37,032</u>	<u>(12,432)</u>
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<u>37,032</u>	<u>(12,432)</u>
<b>Total comprehensive income/(loss) for the year</b>	<u><u>11,256</u></u>	<u><u>(37,518)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>546</b>	650
Right-of-use assets		–	2,547
Investment properties		<b>181,170</b>	171,946
Intangible assets		<b>780</b>	780
Rental deposits		<b>56</b>	1,210
		<hr/> <b>182,552</b>	<hr/> 177,133
<b>Current assets</b>			
Loan receivables		<b>178,200</b>	167,154
Trade receivables	12	<b>22,150</b>	17,812
Deposits, prepayments and other receivables		<b>492,297</b>	446,981
Bank and cash balances		<b>4,027</b>	2,087
		<hr/> <b>696,674</b>	<hr/> 634,034
<b>Total assets</b>		<hr/> <b>879,226</b>	<hr/> 811,167

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 <i>HK\$'000</i>
<b>Capital and reserves</b>			
Share capital		<b>27,120</b>	22,620
Reserves		<b>542,592</b>	515,653
		<u><b>569,712</b></u>	<u>538,273</u>
<b>Non-current liabilities</b>			
Deferred loan interest income — non-current portion		—	55
Asset retirement obligation		<b>495</b>	495
Bank and other borrowings		<b>210,030</b>	—
		<u><b>210,525</b></u>	<u>550</u>
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>95,994</b>	69,351
Lease liabilities		—	3,285
Deferred loan interest income — current portion		—	1,114
Shareholder's loan		—	10,652
Loan from a fellow subsidiary		<b>272</b>	—
Loan from a related company		—	5,083
Amount due to a fellow subsidiary		<b>236</b>	—
Bank and other borrowings		—	180,526
Income tax payable		<b>2,487</b>	2,333
		<u><b>98,989</b></u>	<u>272,344</u>
<b>Total liabilities</b>		<u><b>309,514</b></u>	<u>272,894</u>
<b>Total equity and liabilities</b>		<u><b>879,226</b></u>	<u>811,167</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2020*

### 1. GENERAL INFORMATION

Enviro Energy International Holdings Limited (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 address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is 20/F, No.9 Des Voeux Road West, Sheung Wan, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) engaged in sale of materials business, investment holding and properties investment via its subsidiary companies in Hong Kong and the People’s Republic of China (the “**PRC**”).

In the opinion of the directors of the Company, as at 31 December 2020, Wonderland International Financial Holdings Limited (the “**Controlling Shareholder**”), a company incorporated in the Hong Kong (“**HK**”), is the immediate and ultimate holding company of the Company, and Mr. Li Gang (“**Mr. Li**”), Executive Director and Chairman of the Board, is the ultimate controlling party of the Company.

These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the Company’s functional and the Group’s presentation currency.

### 2. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of approximately HK\$25,776,000 for the year ended 31 December 2020. In addition, as at 31 December 2020, the Group’s bank and cash balances of approximately HK\$4,027,000 is insufficient to cover the current liabilities of approximately HK\$98,989,000. These conditions indicate a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the Controlling Shareholder, at a level sufficient to finance the working capital requirements of the Group. The Controlling Shareholder has agreed to provide adequate funds for the Group to meet its liabilities as they fall due. The directors of the Company are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

### 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

### 4. SEGMENT INFORMATION

In a manner consistent with the way in which information is reported internally to the CEO, the Group has presented the following reportable segments:

- (i) Properties investment
- (ii) Investment holding
- (iii) Sale of materials business

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 rental deposits, right-of-use assets, intangible assets and other unallocated head office corporate assets.
- (b) Segment liabilities include all liabilities with the exception of shareholder’s loan, lease liabilities, amount due to a fellow subsidiary, loan from a related company, loan from a fellow subsidiary, asset retirement obligation, bank and other borrowings and other unallocated head office 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 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 consolidated financial statements.

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

	<b>Properties investment HK\$'000</b>	<b>Investment holding HK\$'000</b>	<b>Sale of materials business HK\$'000</b>	<b>Total HK\$'000</b>
For the year ended 31 December 2020				
Revenue from external customers	<u>463</u>	<u>–</u>	<u>53,591</u>	<u>54,054</u>
Gross profit	463	–	136	599
Fair value change on investment properties	(2,023)	–	–	(2,023)
Administrative and operating expenses	<u>(1,726)</u>	<u>–</u>	<u>(1,160)</u>	<u>(2,886)</u>
Segment results	<u>(3,286)</u>	<u>–</u>	<u>(1,024)</u>	<u>(4,310)</u>
Unallocated:				
Other gains, net and interest income				15,490
Administrative and operating expenses				<u>(15,162)</u>
Operating loss				(3,982)
Finance costs				<u>(21,794)</u>
Loss before tax				(25,776)
Income tax expense				<u>–</u>
Loss for the year				<u><u>(25,776)</u></u>
At 31 December 2020				
Segment assets	327,822	2	331,926	659,750
Unallocated assets				<u>219,476</u>
Total assets				<u><u>879,226</u></u>
Segment liabilities	(249,549)	(4,610)	(5,885)	(260,044)
Unallocated liabilities				<u>(49,470)</u>
Total liabilities				<u><u>(309,514)</u></u>
For the year ended 31 December 2020				
Capital expenditures	<u>–</u>	<u>32</u>	<u>–</u>	<u>32</u>

	Property investment <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Sale of materials business <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2019				
Revenue from external customers	301	–	56,582	56,883
Gross profit	301	–	196	497
Other gains, net	6	–	–	6
Fair value change on investment properties	(2,270)	–	–	(2,270)
Administrative and operating expenses	(1,252)	–	(1,239)	(2,491)
Segment results	(3,215)	–	(1,043)	(4,258)
Unallocated:				
Other gains, net and interest income				15,799
Administrative and operating expenses				(19,069)
Operating loss				(7,528)
Finance costs				(17,558)
Loss before tax				(25,086)
Income tax expense				–
Loss for the year				(25,086)
	Properties investment <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Sale of materials business <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2019				
Segment assets	309,319	3	307,830	617,152
Unallocated assets				194,015
Total assets				811,167
Segment liabilities	(215,940)	(4,610)	(5,586)	(226,136)
Unallocated liabilities				(46,758)
Total liabilities				(272,894)
For the year ended 31 December 2019				
Capital expenditures	–	19	–	19



The Group's revenue and non-current assets other than loan receivable as at 31 December 2020 and 2019 are further analysed by geographical location as follows:

	Revenue		Non-current assets	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Hong Kong	10,305	–	887	5,167
The PRC (excluding Hong Kong)	43,749	56,883	181,665	171,966
	<u>54,054</u>	<u>56,883</u>	<u>182,552</u>	<u>177,133</u>

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

	2020 HK\$'000	2019 HK\$'000
Customer A	–*	16,603
Customer B	–*	14,001
Customer C	–*	12,098
Customer D	–*	9,919
Customer E	15,683	–*
Customer F	10,059	–*
Customer G	6,612	–*
	<u>6,612</u>	<u>–</u>

\* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

## 5. REVENUE

	2020 HK\$'000	2019 HK\$'000
Sale of materials	53,591	56,582
Revenue from contracts with customers	53,591	56,582
Rental income	463	301
Total revenue	<u>54,054</u>	<u>56,883</u>

All revenue from contracts with customers are recognised at a point in time.

### Sale of materials

The Group sells building materials and scrapped copper (2019: building materials) to its customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 30 to 180 days (2019: 5 to 180 days). For new customers, deposits or cash on delivery may be required.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

## 6. OTHER GAINS, NET

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Government subsidy (note)	230	–
Sundry income	1	69
	<u>231</u>	<u>69</u>

*Note:* The government subsidy of approximately HK\$230,000 (2019: nil) represented grants obtained from Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group’s employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have unfulfilled obligations relating to this program.

## 7. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on lease liabilities	83	289
Interest on loan from a related company	445	171
Interest on loan from a fellow subsidiary	298	–
Interest on bank and other borrowings	20,968	17,098
	<u>21,794</u>	<u>17,558</u>

## 8. LOSS BEFORE TAX

The Group’s loss before tax is arrived at after charging the following:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Cost of inventories sold	53,455	56,386
Depreciation of property, plant and equipment	91	118
Depreciation of right-of-use assets	2,547	2,778
Loss on disposal of property, plant and equipment	47	–
Auditor’s remuneration		
— Audit services	1,100	1,050
— Non-audit services	50	50
Expenses related to short-term leases	301	255
Exchange loss, net	–	8
Staff costs, including directors’ emoluments		
Salaries, allowances and other benefits	8,293	9,171
Retirement benefit scheme contributions	107	224
Social insurance	65	129
	<u>8,465</u>	<u>9,524</u>

## 9. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Enterprise Income Tax, provision for the year	<u>–</u>	<u>–</u>

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 2020 (2019: nil).

Enterprise Income Tax has been provided at a rate of 25% for subsidiaries in the PRC on its assessable profits during the year ended 31 December 2020. No provision for Enterprise Income Tax has been made for the year ended 31 December 2020 as the Group did not have any assessable profits in the PRC (2019: nil).

## 10. DIVIDENDS

No dividend was paid or proposed for the year ended 31 December 2020 (2019: nil).

## 11. LOSS PER SHARE

### Basic 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 years ended 31 December 2020 and 2019.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss attributable to owners of the Company for the purpose of calculating basic loss per share	<u>(25,776)</u>	<u>(25,086)</u>
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>477,228</u>	<u>452,392</u>

- (b) The Group had share options outstanding during the years ended 31 December 2020 and 2019. The share options did not have a dilutive effect on loss per share for the years ended 31 December 2020 and 2019.

## 12. TRADE RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	22,528	18,187
Less: Provision for expected credit loss	<u>(378)</u>	<u>(375)</u>
Trade receivables, net	<u>22,150</u>	<u>17,812</u>

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 180 days (2019: 5 to 180 days).

The ageing analysis of trade receivables as at the end of reporting period, based on invoice date, is as follows

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0–30 days	2,785	–
61–90 days	–	4
91–120 days	–	42
121–150 days	–	37
151–365 days	–	227
Over 365 days	<u>19,365</u>	<u>17,502</u>
	<u><b>22,150</b></u>	<u>17,812</u>

Movements of loss allowance for trade receivables:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At 1 January	375	393
Exchange differences	<u>3</u>	<u>(18)</u>
At 31 December	<u><b>378</b></u>	<u>375</u>

### 13. TRADE AND OTHER PAYABLES

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables ( <i>note</i> )	3,834	3,454
Other payables	54,528	49,978
Advance from a former shareholder	18,392	–
Receipt in advance of rental payment	1,209	429
Interest payable	3,913	–
Accrued liabilities	<u>14,118</u>	<u>15,490</u>
	<u><b>95,994</b></u>	<u>69,351</u>

*Note:*

The amounts are repayable according to normal credit terms of 30 to 60 days (2019: 30 to 60 days).

The ageing analysis of the trade payables as at the end of reporting period, based on invoice date, is as follows:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Over 365 days	<u>3,834</u>	<u>3,454</u>
	<u><b>3,834</b></u>	<u>3,454</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

For the year ended 31 December 2020, the Group engaged in properties investment, investment holding and sale of materials businesses.

### **REVIEW BY BUSINESS**

#### **Properties investment**

The Group's investment properties comprise 23 commercial units situated in Yingkou city, Liaoning province, the PRC, with gross floor area of approximately 7,891 square meters. These properties are currently being leased out for rental income.

The Group also owns a piece of land of gross floor area of approximately 4,320 square meters together with a twelve-floor property erected thereon with gross floor area of approximately 17,800 square meters. This property is situated in Yingkou city, Liaoning province, the PRC and is currently being leased out for rental income.

During the year ended 31 December 2020, the Group's rental income amounted to approximately HK\$463,000 (2019: approximately HK\$301,000). The properties investment segment recorded valuation loss of approximately HK\$2,023,000 (2019: approximately HK\$2,270,000) on its investment properties, as a whole, this business segment recorded a loss of approximately HK\$3,286,000 for the year ended 31 December 2020 (2019: approximately HK\$3,215,000).

The increase in rental income from properties investment during the year ended 31 December 2020 was mainly attributable to the improvement of the property market in Liaoning Province and improved situation in property demand in the region where such properties are located.

#### **Investment holding**

For the year ended 31 December 2020, the Group had no revenue and profit from investment holding (2019: nil and nil).

#### **Sale of materials business**

The Group has commenced its sale of materials business since the second half of 2017 through its wholly-owned subsidiary, Qianhai Shitong Supply Chain (Shenzhen) Company Limited\* (前海世通供應鏈(深圳)有限公司).

The Group sources building materials from suppliers in the PRC and supplies building materials to customers located in the PRC. The building materials mainly include aluminum, steel products, timber logs, base metals etc. which are primarily used at the early stages of construction projects or for manufacturing of building or surfacing materials.

The Group carries out its sale of materials business in the PRC, mainly involving property developers or construction contractors (which manufacture building materials or provide fitting out and renovation services) in the PRC.

In order to broaden revenue base of the Group, the Group continued to increase the variety of the building materials products, including but not limited to trading of scrap copper, fertilizer and chemical products in relation construction since the second half of 2020 through its wholly-owned subsidiaries, Smart Gainer Limited and Shenzhen Junheng Trading Company Limited\* (深圳峻恒貿易有限公司).

The Group is able to secure the supply of reliable and high quality building materials product from suppliers through a variety of sourcing channels. The Group aims to source quality products at competitive prices to fulfill the needs of its customers. The Group selects suppliers based on a number of factors, including but not limited to their track records, prices, product quality and timely delivery.

In relation to the sales of products, the Group reaches out to potential customers through its business connections and referrals by the management of the Company. When the customers place their orders with the Group, they would usually indicate the specifications of the orders including type, price and quantity of the building materials product. The Group, through the management of the Company, then reaches out to its contacts and source the required building materials product from potential suppliers that suit its customers' needs.

The Company believes that by engaging the Group, its customers can save time and efforts in dealing with a large number of suppliers for each type of the building materials products they require. Through its extensive network of suppliers, the Group is able to provide its customers with a wide spectrum of the building materials products through organised logistics arrangements that meet customers' timetables.

During the year ended 31 December 2020, the sale of materials business segment contributed a revenue of approximately HK\$53,591,000 (2019: approximately HK\$56,582,000), representing 99.1% of total revenue. The segment contributed a gross profit of approximately HK\$136,000, (2019: approximately HK\$196,000) representing 22.7% of total gross profit for the year ended 31 December 2020.

The decrease in sale revenue from sale of materials business during the year ended 31 December 2020 was mainly due to the outbreak of Coronavirus Disease 2019 (the “**COVID-19 Outbreak**”) since January 2020. The coronavirus (“**COVID-19**”) was initially identified in December 2019 and the COVID-19 Outbreak continues to grow. Up to the date of this announcement, COVID-19 is spreading rapidly worldwide which resulted in a sharp increase in number of confirmed cases and deaths across various countries. In order to prevent the spread of COVID-19, various countries implement a temporary closure of suppliers’ production facilities, transportation restrictions and boundary control. In this regard, the COVID-19 Outbreak has adversely affected the business environment in the PRC and the world and the economies of the world have been hit hard accordingly. The occurrence of COVID-19, coupled with the US-China trade war, further deteriorate the PRC economy, resulting in the contraction of various industries in the PRC. Since the sale of materials business of the Group is primarily based in the PRC, the Group’s sale of materials business operations and financial performance during the first half of 2020 are adversely affected by the COVID-19. In order to mitigate the impact of the COVID-19 on the sale of materials business of the Group, the Group increases the variety of building materials products to diversify its sale of materials business portfolio since second half of 2020. Accordingly, the sale of materials business of the Group have already resumed gradually during the second half of 2020 and the overall revenue from sale of materials business for the year ended 31 December 2020 was only slightly reduced by approximately 5.3% compared to that of last financial year.

## **BUSINESS PROSPECTS AND FUTURE PLANS**

In 2020, the PRC and global economy are overcast by the COVID-19 and downward pressures brought about by the US-China trade war. The Group’s financial performance has been adversely affected during the year ended 31 December 2020 and the Company expects the forthcoming business environment would remain challenging. In this respect, cost cutting measures is continued to be implemented as a priority for improving operating performances of the Group. The Group will also adopt measures and exploring other means to cope with these challenges and to turn them into opportunities. The Group will consider to restructure and reorganize its businesses, adopt measures that are beneficial to the growth of its existing businesses, expand its marketing channels and customer base, pursuing quality suppliers, and taking a proactive role to boost business and profit growth. The Group will continue to assess the impact of the COVID-19 on its operation and financial performance and closely monitor the Group’s exposure to the risks and uncertainties in connection with the COVID-19. The Group will take appropriate measures as necessary to minimise the risks exposed.

Despite the COVID-19 has affected the market, production and supply chains in the PRC, the COVID-19 becomes under control in the PRC as a result of an effectiveness of measures taken in the PRC and the economy of the PRC is expected to speed up out of the impact of COVID-19 in 2021 and various industries in the PRC is expected to be gradually recovery as well. Accordingly, going forward, with the diversity of building materials products and stabilization of the COVID-19 prevention and control situation, the Group’s financial performance and revenue arising from sale of materials business are expected to be improved in the coming future.

Besides, the Group has been prudent in business development in the supply of building materials business. With its experience in the building materials industry, the Group realised the potential demand of non-ferrous metals, in particular aluminum and related products and recycled aluminum. As such, the Group has begun to put more focus on sourcing and supplying aluminum and related products since 2021. During the first quarter of 2021, the Group have supplied aluminum and related products of approximately US\$9.7 million. The Board considers that the supply of building materials and aluminum related products will certainly further enhance competitiveness and profitability of the Group.

The Group will actively consider to explore different avenues by obtaining new bank borrowings and carrying out fund raising including, but not limited to, right issue, open offer, placing of new shares and issuance of other convertible bonds. If materialize, additional funds will be provided to the Group for the expansion of the existing business which will bring a huge amount of profit in the long run.

The Board will continue to look out for opportunities to make investments in any new business when suitable opportunities arise to diversify revenue streams of the Group and strengthen the Group's financial position, and thereby maximising the benefits of the shareholders as a whole. The Board is fully confident in the future business development of the Group.

## **FINANCIAL REVIEW**

### **Overall Results**

For the year ended 31 December 2020, the Group recorded a consolidated revenue of approximately HK\$54,054,000 (2019: approximately HK\$56,883,000), representing a decrease by 5.0% when compared with the year ended 31 December 2019. The decrease in revenue was mainly due to the decrease in revenue recorded under the Group's sale of materials business by 5.3% during the year ended 31 December 2020 as discussed in the above "Business Review" section.

The Group's gross profit for the year ended 31 December 2020 was approximately HK\$599,000 (2019: approximately HK\$497,000) with gross profit margin of 1.1% (2019: 0.9%), which resulted in an increase of approximately HK\$102,000, representing an increase of approximately by 20.5% when compared with the year ended 31 December 2019.

The Group's net loss was approximately HK\$25,776,000 for the year ended 31 December 2020 (2019: approximately HK\$25,086,000). The Group's net loss for the year ended 31 December 2020 was primarily contributed by the finance cost of approximately HK\$21,794,000 (2019: HK\$17,558,000), staff costs of approximately HK\$8,465,000 (2019: approximately HK\$9,524,000), depreciation of property, plant and equipment and right-of-use assets of approximately HK\$2,638,000 (2019: approximately HK\$2,896,000), auditor's remuneration of approximately HK\$1,100,000 (2019: approximately HK\$1,050,000) and legal and professional fee of approximately HK\$1,104,000 (2019: approximately HK\$3,780,000).

The overall net loss attributable to owners of the Company for the year ended 31 December 2020 was approximately HK\$25,776,000 (2019: approximately HK\$25,086,000), representing an increase of losses by approximately HK\$690,000 when compared with the year ended 31 December 2019. Both the basic and diluted loss per share attributable to owners of the Company for the year ended 31 December 2020 were HK5.40 cents as compared with HK5.55 cents for the year ended 31 December 2019.



## **Liquidity, Financial Resources and Capital Structure**

As at 31 December 2020, the Group had current assets of approximately HK\$696,674,000 comprising the loan receivables of approximately HK\$178,200,000 (2019: approximately HK\$167,154,000), interest receivables of HK\$39,731,000 (2019: approximately HK\$22,468,000), prepayments for purchase of building materials of approximately HK\$311,862,000 (2019: approximately HK\$292,491,000) and receivables of approximately HK\$139,232,000 (2019: approximately HK\$130,601,000) from disposal of investment properties during the previous financial year. The Group's current ratio, calculated based on current assets of approximately HK\$696,674,000 (2019: approximately HK\$634,034,000) over current liabilities of approximately HK\$98,989,000 (2019: approximately HK\$272,344,000), was about 7.04 at 31 December 2020 (2019: 2.33).

As at 31 December 2020, the Group's current liabilities decreased by 63.7% to approximately HK\$98,989,000 (2019: approximately HK\$272,344,000) over last year and the decrease was primarily due to the reclassification of bank and other borrowing from current portion as at 31 December 2019 to non-current portion as at 31 December 2020. As at 31 December 2020, all bank and other borrowings amounted to approximately HK\$210,030,000 (2019: approximately HK\$180,526,000) were secured, denominated in Renminbi, bore interest of fixed rate and were due within three years (2019: one year).

As at 31 December 2020, the equity attributable to owners of the Company amounted to approximately HK\$569,712,000 (2019: approximately HK\$538,273,000).

As at 31 December 2020, the Group had cash and bank balances of approximately HK\$4,027,000 (2019: approximately HK\$2,087,000).

As at 31 December 2020, the debt to equity ratio and net debt to equity ratio of the Group, which were calculated by dividing total debt by total equity and dividing total debt less bank balances and cash by total equity, were approximately 37% (2019: 36%) and 36% (2019: 36%) respectively.

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

## **SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

The Group had no material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2020.

The Group had no significant investments held during the year ended 31 December 2020.

## MATERIAL EVENTS

### Placing of new share under general mandate

On 6 September 2020, the Company entered into the placing agreement with the placing agent whereby the Company conditionally agreed to place, through the placing agent, on a best effort basis, up to 90,000,000 new ordinary shares to not less than six independent places at the placing price of HK\$0.2288 per share. On 22 September 2020, the placing of new ordinary shares under the general mandates was completed with a total of 90,000,000 new ordinary shares being issued, raising net proceeds of approximately HK\$20,183,000.

The table below sets out the proposed applications of the net proceeds from the placing and actual usage up to 31 December 2020:

	<b>Proposed application</b> <i>HK\$'000</i>	<b>Actual usage up to 31 December 2020</b> <i>HK\$'000</i>	<b>Expected usage of remaining balance during the year ending 31 December 2021</b> <i>HK\$'000</i>
General working capital	<u>20,183</u>	<u>19,954</u>	<u>229</u>

Wonderland International Financial Holdings Limited (a substantial shareholder of the Company as defined in the Listing Rules) is wholly-owned by Wonderland International Financial Holdings Corporation which is the owner of all issued share capital of the placing agent. Wonderland International Financial Holdings Corporation is in turn wholly-owned by Wonderland International Financial Holdings Company. Wonderland International Financial Holdings Company is owned by Hua Zhi Investment Limited as to approximately 58.10%, which is owned by Mr. Li Gang, an Executive Director and the Chairman of the Board of the Company, as to approximately 49.51%. The placing agent is an associate of Wonderland International Financial Holdings Limited and Mr. Li Gang and is therefore a connected person of the Company within the meaning of the Listing Rules. The transaction between the Company and the placing agent under the placing agreement constitutes a connected transaction under Chapter 14A of the Listing Rules. In view of the fact that Mr. Li Gang has material interest in the transaction, he has abstained from voting on the board resolutions approving this transaction.

The placing agent received a placing commission of approximately HK\$309,000 in cash from the placing. As the relevant percentage ratios (other than the profits ratio) in respect of the placing commission and the brokerage fees under Rule 14.07 of the Listing Rules is less than 5% and the total consideration is less than HK\$3,000,000, the transaction constitutes a connected transaction which is fully exempt from independent Shareholders' approval, annual review and all disclosure requirements under Rule 14A.76(1) of the Listing Rules.

Details of the placing of new shares are set out in the announcements of the Company dated 6 September 2020 and 22 September 2020 respectively.

## **Licensing agreement in relation to the intellectual property rights of Angel Elements**

On 16 November 2020, the Company as the licensee has entered into the licensing agreement (the “**Licensing Agreement**”) with the Licensor (defined as below), pursuant to which Beijing Guorundongfang Biotech Limited\* (北京國潤東方生物科技有限公司) (the “**Licensor**”) has allowed the Company (and any of its subsidiary nominated by the Company), as the exclusive licensee in the PRC, to use the technology and intellectual property rights of Angel Elements, including its non-patent exclusive right to use and its registered trademark (“**Intellectual Property Rights of Angel Elements**”) held by the Licensor during the period from 16 November 2020 to 15 November 2021 without incurring any licensing fees or any other expenses. Pursuant to the framework agreement as announced by the Company on 20 November 2019, the Company intends to acquire and the Licensor intends to sell the Intellectual Property Rights of Angel Elements held by the Licensor to the Company (the “**Potential Acquisition**”). The directors of the Company considers that entering into the Licensing Agreement can better analyse the Potential Acquisition, including whether the Company should proceed with the Potential Acquisition and the consideration for acquiring the Intellectual Property Rights of Angel Elements. The directors of the Company also believes that the Licensing Agreement could allow the Company to expand its sale of materials business in soil and plant fertilisers by designing, producing and selling efficient organic fertilisers for different types of agricultural crops. Further details of the Licensing Agreement in relation to the Intellectual Property Rights of Angel Elements are set out in the announcements of the Company dated 20 November 2019 and 16 November 2020 respectively.

## **Unauthorised execution of a corporate guarantee by subsidiaries of the Company**

On 23 December 2018, the legal representative (the “**LR**”) of (i) Huan Neng International Trading (Yingkou) Co., Ltd\* (環能國際貿易(營口)有限公司) and (ii) Liaoning Taoqibao Mall Management Co., Ltd\* (遼寧淘氣寶商城管理有限公司) (collectively, the “**Subsidiaries**”), companies established in the PRC and an indirectly wholly-owned subsidiaries of the Company, at that material time has purportedly entered into a corporate guarantee on behalf of the Subsidiaries in favour of Mr. Zhou Xuesheng (“**Mr. Zhou**”) (Mr. Zhou is a former executive director and former chief executive officer of the Company, who has retired from his position as executive director and chief executive officer of the Company since 28 June 2019) for a loan in the sum of approximately RMB18,000,000 (the “**Debt**”) granted by Mr. Zhou to Shenzhen Xiaowei Financial Services Company Limited\* (深圳小微金融服務有限公司), which is a company owned by Mr. Li Sen (“**Mr. Li**”) (Mr. Li is a former substantial shareholder, former chairman of the board of directors and former executive director of the Company, who has ceased to be a substantial shareholder of the Company and retired from his position as chairman of the board of directors and executive director of the Company since 10 June 2020 and 26 June 2020 respectively), without authorization from the Company and/or the Subsidiaries.

Mr. Zhou and the LR further executed the deed of assignment dated 13 March 2019 (the “**DOA**”) whereby Mr. Zhou assigned his rights under the Debt to an independent third party (the “**I3P**”) which was allegedly guaranteed by the Subsidiaries, without the approval of any directors of the Subsidiaries and/or the Company. Subsequently, it is stated that the Debt could not be recovered by the I3P, and pursuant to the terms of the DOA, the I3P commenced arbitration proceedings in the PRC against the alleged guarantors of the DOA, namely the Subsidiaries. Then, the PRC arbitration tribunal issued the enforcement of the arbitration to freeze the bank accounts of the Subsidiaries.

On 8 July 2020, the PRC Court has granted a judgment in respect of the enforcement\* (執行裁定書) which states that the enforcement of the arbitration award against the Subsidiaries issued by the PRC arbitration tribunal has ceased to have effect. The relevant details are set out in the announcements of the Company dated 16 July 2020 and 20 April 2020 respectively.

### **Unauthorised change in shareholding of a subsidiary of the Company**

The board of directors of the Company has discovered (i) the suspected forgery or unauthorised use of the company chop of Qianhai Shitong Supply Chain (Shenzhen) Company Limited\* (前海世通供應鏈(深圳)有限公司), an indirect wholly-owned subsidiary of the Company (the “**Subsidiary A**”); (ii) the suspected forgery of the company chop of Sincere Venture Limited (兆銘有限公司), a direct wholly-owned subsidiary of the Company (the “**Subsidiary B**”); and (iii) the suspected forged signature of Mr. Wei Junqing, former director of Subsidiary B and current chief executive officer of the Company (“**Mr. Wei**”) (collectively referred to as the “**Suspected Forgeries**”). The Suspected Forgeries were used to execute a shareholders’ resolution of the Subsidiary A (the “**SH Resolution**”), the contents of which are unauthorised and substantially included (i) an increase in the registered capital of the Subsidiary A; (ii) the addition of a new shareholder in the Subsidiary A; and (iii) amendment to the articles of association of the Subsidiary A.

The Suspected Forgeries were discovered by the staff of the Group through conducting online PRC company search. To verify the accuracy of such informations, the board of directors of the Company instructed the shareholder of Subsidiary A to apply for the relevant documents from the Market Supervision Administration of Shenzhen Municipality\* (深圳市市場監督管理局) (the “**Market Supervision Administration**”). Upon discovery, the Company immediately enquired with Mr. Wei and the board of directors of the Company, who replied to the Company that they were not authorised and were not aware of the passing of such SH Resolution.

The Company had immediately sent its representatives in the PRC to inform the Market Supervision Administration about the Suspected Forgeries so that the registration of the SH Resolution can be withdrawn and nullified accordingly. The Market Supervision Administration is investigating the Suspected Forgeries accordingly. On 10 March 2021, the Group is informed that the Suspected Forgeries is invalid and the shareholding in the Subsidiary A shall be restored to 100% and the judgement become final and conclusive if there is no objection received after 60 days from 10 March 2021.

## **Update on listing status**

On 18 December 2020, the Company has received a letter from the Stock Exchange notifying the Company of its decision that the Company has failed to carry out a business with sufficient level of operations as required under Rule 13.24 of the Listing Rules to warrant the continued listing of its shares (the “**Decision**”). Pursuant to Rules 2B.06(1) and 2B.08(1) of the Listing Rules, the Company submitted a written request for the Decision to be referred to the Listing Committee of the Stock Exchange for review on 13 January 2021 (the “**Review**”).

Up to the date of this announcement, the outcome of the Review is uncertain. Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the Listing Rules as regards any updates on the Review.

## **GEARING RATIO**

Gearing ratio is calculated based on total debts divided by total equity as of the end of each period. Gearing ratio was 37% as at 31 December 2020 (2019: 36%).

## **CHARGE ON GROUP ASSETS**

As at 31 December 2020, the investment properties of the Group with carrying amount of approximately HK\$181,170,000 (2019: approximately HK\$171,946,000) were pledged to secure certain bank and other borrowings.

## **FOREIGN EXCHANGE EXPOSURE**

During the year ended 31 December 2020, the Group mainly earned revenue and incurred costs in Hong Kong Dollar, Renminbi and United States dollar and no hedging measures had been undertaken. The management of the Company 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**

As at 31 December 2020, the Group did not have significant capital commitments (2019: nil).

## **CONTINGENT LIABILITIES**

As at 31 December 2020, the Group did not have significant contingent liabilities (2019: nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group had 16 employees in Hong Kong and the PRC as at 31 December 2020 (2019: 18 employees). The Group implements remuneration policy, bonus and share options schemes to ensure that pay scales of its employees are rewarded on performance-related basis within the general framework of the Group’s remuneration strategy.

## **FINAL DIVIDEND**

The Board has resolved not to declare a final dividend for the year ended 31 December 2020 (2019: 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 2020.

## **CORPORATE GOVERNANCE**

The Company had complied with all the applicable code provisions (the “**Code Provisions**”) of the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 to the Listing Rules for the year ended 31 December 2020.

## **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. Specific enquiries have been made with the directors and they have confirmed their compliance with the Own Code during the year ended 31 December 2020.

## **OTHER CHANGES IN DIRECTORS’ INFORMATION**

Subsequent to the publication of the interim report for the six months ended 30 June 2020, other changes in directors’ information of the Company are set out as below:

Mr. Li Jinyuan has resigned as an independent non-executive director, chairman of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee of the Company with effect from 15 March 2021.

## **AUDIT COMMITTEE**

The audited consolidated financial statements of the Company for the year ended 31 December 2020 have been reviewed by the Audit Committee and have been duly approved by the board of directors of the Company under the recommendation of the Audit Committee.

## **MATERIAL DIFFERENCES BETWEEN THE UNAUDITED AND AUDITED ANNUAL RESULTS**

Reference is made to the Unaudited Annual Results Announcement. Since subsequent adjustments have been made to the unaudited annual results of the Group contained in the Unaudited Annual Results Announcement upon completion of the auditing process, shareholders and potential investors of the Company are advised to pay attention to the following material differences between the unaudited annual results of the Group contained in the Unaudited Annual Results Announcement and the audited annual results of the Group in this announcement.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<b>Audited Annual Results 2020 HK\$'000</b>	<b>Unaudited Annual Results 2020 HK\$'000</b>	<b>Differences HK\$'000</b>	<i>note</i>
<b>Current liabilities</b>				
Loan from a fellow subsidiary	272	–	272	(i)
Shareholder's loan	<u>–</u>	<u>272</u>	(272)	(i)

*note:*

- (i) The difference was due to the reclassification of loan from a fellow subsidiary from “Shareholder’s loan” to “Loan from a fellow subsidiary”.

### SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the preliminary announcement of the Group’s consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement of the Group’s results for the year ended 31 December 2020 have been agreed by the Group’s independent auditor, ZHONGHUI ANDA CPA Limited (“ZHONGHUI ANDA”), to the amounts set out in the Group’s draft consolidated financial statements for the year ended 31 December 2020. The work performed by ZHONGHUI ANDA in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA on the preliminary announcement.

### EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The section below is an extract of the report by ZHONGHUI ANDA regarding the consolidated financial statements of the Group for the year ended 31 December 2020:

### QUALIFIED OPINION

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS OF QUALIFIED OPINION

### 1. Trade receivables, loan receivables, interest receivables, prepayments, consideration receivables and interest income from loan receivables

We have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of trade receivables of approximately HK\$19,365,000, loan receivables of approximately HK\$178,200,000, interest receivables of approximately HK\$39,731,000, prepayments for purchase of building materials of approximately HK\$311,862,000 and consideration receivables of approximately HK\$139,232,000 as at 31 December 2020; as well as trade receivables of approximately HK\$17,812,000, loan receivables of approximately HK\$167,154,000, interest receivables of approximately HK\$22,468,000, prepayments for purchase of building materials of approximately HK\$292,491,000 and consideration receivables of approximately HK\$130,601,000 as at 31 December 2019. There are no other satisfactory audit procedures that we could adopt to determine whether any allowance for non-recovery of the amounts should be made and whether the related interest income is properly recorded in the consolidated financial statements.

### 2. Limited accounting books and records of certain subsidiaries of the Group

In addition to the qualified items stated above, due to the insufficiency of supporting documentation and explanations for accounting books and records in respect of certain subsidiaries of the Group for the year ended 31 December 2020, we were unable to carry out audit procedures to satisfy ourselves as to whether the following income and expenses for the year ended 31 December 2020, and the assets and liabilities as at those dates, and the segment information and other related disclosure notes in relation to certain subsidiaries of the Group, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements:

#### (a) *Income and expenses:*

	<b>For the year ended 31 December 2020 HK\$'000</b>
Revenue	5,951
Cost of sales	(5,899)
Other gains, net	2
Interest income	15,258*
Administrative and operating expenses	(1,105)
Finance costs	(7)
Income tax expense	–
Profit for the year	<u>14,200</u>

\* Included in qualified item (1) above.



**(b) Assets and liabilities:**

	<b>As at 31 December 2020 HK\$'000</b>
Property, plant and equipment	33
Bank and cash balances	29
Trade and other payables	9,279
Income tax payables	<u>2,487</u>

**(c) Commitments and contingent liabilities:**

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of commitments and contingent liabilities in relation to certain subsidiaries of the Group and their operations as at 31 December 2020.

**(d) Related party transaction and disclosures:**

No sufficient evidence has been provided to satisfy ourselves as to the existence, accuracy and completeness of the disclosures of the related party transactions for the year ended 31 December 2020 and balances as at 31 December 2020 in relation to certain subsidiaries of the Group and their operations as required by Hong Kong Accounting Standard 24 (Revised) "Related Party Disclosures".

Any adjustments to the figures as described above points 1 to 2 might have a consequential effect on the Group's financial performance and cash flows for the years ended 31 December 2020 and 2019 and the financial positions of the Group as at 31 December 2020 and 2019, and the related disclosures thereof in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss attributable to owners of the Company of approximately HK\$25,776,000 for the year ended 31 December 2020. In addition, as at 31 December 2020, the Group's bank and cash balances of approximately HK\$4,027,000 is insufficient to cover the current liabilities of approximately HK\$98,989,000. These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**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](http://www.hkexnews.hk)). The annual report of the Company for the year ended 31 December 2020 will be despatched to shareholders of the Company and available on the above websites in due course.

By Order of the Board  
**Enviro Energy International Holdings Limited**  
**Li Gang**  
*Chairman and Executive Director*

Hong Kong, 15 April 2021

*As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Li Gang (Chairman), Mr. Pan Lihui and Mr. Jiang Senlin and three Independent Non-executive Directors, namely Mr. See Tak Wah, Mr. Zhong Jian and Mr. Du Hongwei.*