Enviro Energy International Holdings Limited
環能國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1102)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The Board of Directors (the "**Board**") of Enviro Energy International Holdings Limited (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2021 together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2021

	Notes	**2021**	2020
		HK\$'000	*HK\$'000*
Revenue	*5*	**321,844**	54,054
Cost of sales		**(305,926)**	(53,455)
Gross profit		**15,918**	599
Other gains, net	*6*	**11,002**	231
Interest income		**7**	15,259
Impairment loss of intangible assets		**(450)**	–
Impairment losses of receivables, net		**(340,323)**	–
Fair value change on investment properties		**(13,870)**	(2,023)
Selling and distribution expenses		**(7,560)**	–
Administrative and operating expenses		**(14,912)**	(18,048)
Loss from operations		**(350,188)**	(3,982)
Finance costs	*7*	**(6,667)**	(21,794)

	Notes	**2021**	2020
		HK$'000	*HK$'000*
Loss before tax	*8*	**(356,855)**	(25,776)
Income tax expense	*9*	**(918)**	–
Loss for the year attributable to the owners of the Company		**(357,773)**	(25,776)
Loss per share (expressed in HK cent)			
Basic and diluted	*11*	**(65.96)**	(5.40)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2021

	2021	2020
	HK$'000	*HK$'000*
Loss for the year	**(357,773)**	(25,776)
Other comprehensive income, after tax:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**9,179**	37,032
Other comprehensive income for the year, net of tax	**9,179**	37,032
Total comprehensive (loss)/income for the year attributable to the owners of the Company	**(348,594)**	11,256

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment		**538**	546
Investment properties		**172,528**	181,170
Intangible assets		**330**	780
Rental deposits		**–**	56
		173,396	182,552
Current assets			
Loan receivables		**183,540**	178,200
Trade receivables	*12*	**3,179**	22,150
Deposits, prepayments and other receivables		**186,299**	492,297
Bank and cash balances		**8,898**	4,027
		381,916	696,674
Total assets		**555,312**	879,226
Capital and reserves			
Share capital		**27,120**	27,120
Reserves		**193,998**	542,592
		221,118	569,712
Non-current liabilities			
Other borrowings		**216,324**	210,030
Asset retirement obligation		**495**	495
		216,819	210,525

	Notes	**2021**	2020
		HK$'000	*HK$'000*
Current liabilities			
Trade and other payables	*13*	**83,313**	95,994
Shareholder's loan		**10,184**	–
Loan from a fellow subsidiary		**20,234**	272
Amount due to a fellow subsidiary		**168**	236
Income tax payable		**3,476**	2,487
		117,375	98,989
Total liabilities		**334,194**	309,514
Total equity and liabilities		**555,312**	879,226

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 sales of materials business and properties investment 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 2021, Wonderland International Investment Holdings Limited (the "Controlling Shareholder"), a company incorporated in the Hong Kong, 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 thousands of Hong Kong dollars (HK$'000), which is the Company's functional and the Group's presentation currency, unless otherwise stated.

2. GOING CONCERN BASIS

The Group incurred a loss attributable to the owners of the Company of approximately HK$357.8 million for the year ended 31 December 2021. In addition, as at 31 December 2021, the Group's bank and cash balances of approximately HK$8.9 million is insufficient to cover the current liabilities of approximately HK$117.4 million. 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 financial obligations as and when they fall due within next twelve months from 31 December 2021. 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. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. ADOPTION OF NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and amended 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 2021. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and amended HKFRSs did not result in significant impact 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 amended standards, interpretations and accounting guidelines 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. The Group does not intend to early adopt these standards before their respective effective dates.

4. SEGMENT INFORMATION

In a manner consistent with the way in which information is reported internally to the executive directors, who are the chief operation decision-makers, the Group has presented the following reportable segments:

(i) Sale of materials business; and

(ii) Properties investment.

For the purposes of assessing segment performance and allocating resources between segments, the executive directors monitor 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, intangible assets and other unallocated head office corporate assets.

(b) Segment liabilities include all liabilities with the exception of shareholder's loan, amount due to a fellow subsidiary, loan from a related company, asset retirement obligation, 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 fair value change of investment properties, selling and distribution expenses, administrative and operating expenses and impairment losses of receivables, net.

The amounts provided to the executive directors 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:

	Sale of materials business *HK$'000*	Properties investment *HK$'000*	Total *HK$'000*
For the year ended 31 December 2021			
Revenue from external customers	**321,077**	**767**	**321,844**
Gross profit	**15,151**	**767**	**15,918**
Fair value change on investment properties	**–**	**(13,870)**	**(13,870)**
Selling and distribution expenses	**(7,560)**	**–**	**(7,560)**
Administrative and operating expenses	**(936)**	**(2,054)**	**(2,990)**
Impairment losses of receivables, net	**(334,952)**	**(5,371)**	**(340,323)**
Segment results	**(328,297)**	**(20,528)**	**(348,825)**
Unallocated:			
Other gains, net and interest income			**11,009**
Administrative and operating expenses			**(11,922)**
Impairment loss of intangible assets			**(450)**
Loss from operation			**(350,188)**
Finance costs			**(6,667)**
Loss before tax			**(356,855)**
Income tax expense			**(918)**
Loss for the year			**(357,773)**

	Sale of materials business *HK$'000*	Properties investment *HK$'000*	Total *HK$'000*
At 31 December 2021			
Segment assets	**5,670**	**316,774**	**322,444**
Unallocated assets			**232,868**
Total assets			**555,312**
Segment liabilities	**(9,857)**	**(258,123)**	**(267,980)**
Unallocated liabilities			**(66,214)**
Total liabilities			**(334,194)**

	Sale of materials business *HK$'000*	Properties investment *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
For the year ended 31 December 2021				
Capital expenditures	**–**	**–**	**–**	**–**

	Sale of materials business HK$'000	Property investment HK$'000	Total HK$'000
For the year ended 31 December 2020			
Revenue from external customers	53,591	463	54,054
Gross profit	136	463	599
Fair value change on investment properties	–	(2,023)	(2,023)
Administrative and operating expenses	(1,160)	(1,726)	(2,886)
Segment results	(1,024)	(3,286)	(4,310)
Unallocated:			
Other gains, net and interest income			15,490
Administrative and operating expenses			(15,162)
Loss from operation			(3,982)
Finance costs			(21,794)
Loss before tax			(25,776)
Income tax expense			–
Loss for the year			(25,776)

	Sale of materials business HK$'000	Properties investment HK$'000	Total HK$'000
At 31 December 2020			
Segment assets	331,926	327,822	659,748
Unallocated assets			219,478
Total assets			879,226
Segment liabilities	(5,885)	(249,549)	(255,434)
Unallocated liabilities			(54,080)
Total liabilities			(309,514)

	Sale of materials business HK$'000	Properties investment HK$'000	Unallocated HK$'000	Total HK$'000
For the year ended 31 December 2020				
Capital expenditures	–	–	32	32

The Group's revenue and non-current assets as at 31 December 2021 and 2020 are further analysed by geographical location as follows:

	Revenue	
	2021	2020
	HK$'000	*HK$'000*
The United Arab Emirates	**165,526**	–
Kingdom of Bahrain	**97,454**	–
The PRC	**32,197**	43,749
Hong Kong	**8,998**	10,305
Iceland	**7,636**	–
Kingdom of Norway	**7,751**	–
State of Qatar	**2,282**	–
	321,844	54,054

	Non-current assets	
	2021	2020
	HK$'000	*HK$'000*
The PRC	**172,568**	181,665
Hong Kong	**828**	887
	173,396	182,552

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

	2021	2020
	HK$'000	*HK$'000*
Trading business segment		
Customer A	**165,526**	–*
Customer B	**97,454**	–*
Customer C	**–***	15,683
Customer D	**–***	10,059
Customer E	**–***	8,777
Customer F	**–***	6,612

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

5. REVENUE

	2021	2020
	HK$'000	*HK$'000*
Revenue from contracts with customers		
— Sale of materials	**321,077**	53,591
Rental income	**767**	463
Total revenue	**321,844**	54,054

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

Sales of materials

The Group sells aluminum products and scrapped copper (2020: building materials and scrapped copper) 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 (2020: 30 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

	2021	2020
	HK$'000	*HK$'000*
Wavier of interest of other borrowings	**8,705**	–
Exchange gain, net	**2,113**	–
Sundry income	**184**	1
Government subsidy *(note)*	**–**	230
	11,002	231

Note:

The government subsidy of HK$ Nil (2020: HK$230,000) 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

	2021	2020
	HK$'000	*HK$'000*
Interest on other borrowings	**4,732**	20,968
Interest on shareholders' loan	**1,302**	–
Interest on factoring of trade receivables	**370**	–
Interest on loan from a fellow subsidiary	**263**	298
Interest on loan from a related company	**–**	445
Interest on lease liabilities	**–**	83
	6,667	21,794

8. LOSS BEFORE TAX

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

	2021	2020
	HK$'000	*HK$'000*
Cost of inventories sold	**305,926**	53,455
Depreciation of property, plant and equipment	**9**	91
Depreciation of right-of-use assets	**–**	2,547
Loss on disposal of property, plant and equipment	**–**	47
Auditor's remuneration		
— Audit services	**1,100**	1,100
— Non-audit services	**50**	50
Expenses related to short-term leases	**–**	301
Impairment losses of receivables, net:		
— Trade receivables	**20,250**	–
— Prepayments for:		
(i) Purchase of building materials	**316,614**	–
(ii) Others	**3,459**	–
	340,323	–
Staff costs, including directors' emoluments		
— Salaries, allowances and other benefits	**5,644**	8,293
— Retirement benefit scheme contributions	**121**	107
— Social insurance	**149**	65
	5,914	8,465

9. INCOME TAX EXPENSE

	2021	2020
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong Profits Tax	**914**	–
— The PRC Enterprise Income Tax	**4**	–
	918	–

Hong Kong Profits Tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong for the year, except for one group entity operating in Hong Kong which is a qualifying corporate under the two-tiered Profits Tax rate regime. For the qualifying group entity, the first HK$2 million of assessable profits are taxed at the rate of 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at the rate of 16.5% (2020: 16.5%).

Enterprise Income Tax has been provided at a rate of 25% for a subsidiary in the PRC on its assessable profits during the year ended 31 December 2021. No provision for Enterprise Income Tax has been made for the year ended 31 December 2020.

10. DIVIDENDS

No dividend was paid or proposed for the year ended 31 December 2021 (2020: nil).

11. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2021 and 2020.

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

	2021	2020
Loss attributable to the owners of the Company *(HK$'000)*	**(357,773)**	(25,776)
Weighted average number of ordinary shares in issue *(thousand shares)*	**542,392**	477,228

(b) Diluted

The Group had share options outstanding during the year ended 31 December 2021 and 2020. The share options did not have a dilutive effect on loss per share for the years ended 31 December 2021 and 2020.

12. TRADE RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**24,099**	22,528
Less: Provision for impairment losses	**(20,920)**	(378)
Trade receivables, net	**3,179**	22,150

The Group's credit terms to trade debtors range generally from 30 to 180 days (2020: 30 to 180 days).

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

	2021	2020
	HK$'000	*HK$'000*
0–30 days	**782**	2,785
121–365 days	**2,397**	–
Over 365 days	**–**	19,365
	3,179	22,150

Movements of loss allowance for trade receivables:

	2021	2020
	HK$'000	*HK$'000*
At 1 January	**378**	375
Increase in loss allowance for the year	**20,250**	–
Exchange differences	**292**	3
At 31 December	**20,920**	378

13. TRADE AND OTHER PAYABLES

	2021	2020
	HK$'000	*HK$'000*
Trade payables *(note(i))*	**4,669**	3,834
Other payables	**62,376**	54,528
Advance from a former shareholder *(note(ii))*	**–**	18,392
Receipt in advance	**3,180**	1,209
Interest payable	**–**	3,913
Accrued liabilities	**13,088**	14,118
	83,313	95,994

Notes:

(i) The amounts are repayable according to normal credit terms of 30 to 60 days (2020: 30 to 60 days).

(ii) As at 31 December 2020, the amount was due from Mr. Li Sen, a former shareholder.

In June 2021, the Company, as a garnishee, received a garnishee order absolute from the High Court, is obliged to make payment to the judgment creditor, which shall be treated as a valid discharge of the liability to Mr. Li Sen, who was the judgement debtor.

The whole amount was settled to the judgment creditor during the year, the Group treated as settlement to the liability of Mr. Li Sen.

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

	2021	2020
	HK$'000	*HK$'000*
Within 30 days	**722**	–
Over 365 days	**3,947**	3,834
	4,669	3,834

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Enviro Energy International Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") principally engaged in sales of materials businesses and properties investment in Hong Kong and the People's of Republic of China (the "**PRC**").

Sales of materials business

Since 2017, the Group commenced the sales of materials business in the PRC, the 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 business provided steady income for the Group until it experienced a downturn in 2019 and 2020. To refine its business, the Group established warehouses in the PRC in early 2021 with inventory management to provide products readily available for its customers. The warehouses are in close proximity to major ports and its customers and suppliers in the PRC, which may (i) allow the Group to respond to customers' orders in a timely manner; and (ii) provide inventory management services to customers, such as procurement, inventory storage and delivery.

In late 2020, the Group started to expand its customer base to international aluminum products manufacturers by leveraging its foundation in sourcing aluminum ingots.

During the year ended 31 December 2021 (the "**Year**"), the sales of materials contributed a revenue of approximately HK$321.1 million (year ended 31 December 2020 (the "**Previous Year**"): HK$53.6 million), representing 99.8% of total revenue (Previous Year: 99.1%).

The significant increase in sales of materials during the Year was mainly attributed to (i) the Group successfully became approved suppliers for certain leading international aluminum companies in early 2021; and (ii) the Group continued to receive recurring orders for the supply of copper materials from reputable metal companies in the PRC.

Properties investment

The Group's investment properties comprise certain commercial units and lands situated in Yingkou city, Liaoning province, the PRC. During the Year, the Group's rental income amounted to approximately HK$0.8 million were generated from properties investment (Previous Year: HK$0.5 million).

BUSINESS PROSPECTS AND FUTURE PLANS

In early 2021, the establishment of warehouses in the PRC and commencement of inventory management, allow the Group to quickly respond to the demand of its customers and further strengthen the Group's capability to act as a one-stop building materials supplier for its customers.

With the experience accumulated in the aluminum industry, the Group became aware that major international aluminum products manufacturers have increasing interests in aluminum related products from the PRC as their pricing are generally more competitive as compared to other origins. Since late 2020, the Group began to supply aluminum related products, including but not limited to, copper, magnesium and silicon which are essential for the production of aluminum alloy. In early 2021, the Group successfully became approved suppliers for certain leading international aluminum companies.

As the Group has successfully entered into the aluminum supply chain industry with satisfactory results in its supply of aluminum related products in the PRC and overseas, the Group is ready to harness its business networks and experience to transform from a supply of aluminum related products business to a comprehensive aluminum related products and building materials supplier with the inclusion of more value-added services, the prospect looks promising.

The global economy is in an undulating recovery and it holds a prudent but positive attitude toward the market's development in 2022 thanks to government's strict prevention and control measures and its experience containing the pandemic. The evolving pandemic will remain the biggest uncertainty the Group will face in 2022. The Group will continue to closely monitor the development and the Group's exposure to the risks and uncertainties in connection with COVID-19, and assess and react proactively to its impacts on the financial position and results of the Group.

However, the Group have been struggling to cope with spiralling shipping costs since the outbreak of COVID-19 which caused by the global shipping container shortage and disruption from lockdowns as well as the economic fallout from the pandemic. With high shipping demand still outweighing restricted capacity in the freight sector, the freight forwarders have negotiating power to increase shipping rates. Global shipping rates would not stabilise until the market disruptions brought on by the pandemic get addressed.

Also, price volatility on industrial metals and other commodities add uncertainty as fallout from Russia's invasion into Ukraine spreads across global markets. The Group will closely monitor the situation and continuously reviewing its business operations and financial position for the purpose of formulating business plans and strategies for its future business development, which would enable the Group not only to develop its existing business divisions but also to capture business opportunities, diversify its businesses and broaden its income sources. The Company will endeavour to allocate its resources in an efficient and effective manner and in the best interest of the Group and its shareholders as a whole.

FINANCIAL REVIEW

Revenue

For the Year, the Group recorded a revenue of approximately HK$321.8 million (Previous Year: HK$54.1 million), representing an increase by 495.4% when compared with the Previous Year. The significant increase in revenue was mainly due to sales of aluminum related products and scrap copper to overseas customers since early 2021 and received recurring orders for the supply of copper materials in the PRC.

Gross profit

The Group's gross profit for the Year significantly increased by HK$15.3 million to approximately HK$15.9 million (Previous Year: HK$0.6 million). The overall gross profit margin increased from 1.1% for the Previous Year to 4.9% for the Year, which mainly due to the higher gross profit margin for sales of aluminum related products and scrap copper to overseas customers since early 2021 for the purpose of expanding the Group's client portfolio.

Selling and distribution expenses

The selling and distribution expenses mainly include freight and transportation expenses, staff costs and other selling and distribution expenses.

During the Year, the selling and distribution expenses amounted to approximately HK$7.6 million (Previous Year: Nil) mainly include freight and transportation expenses for sales of aluminum related products and scrap copper to overseas customers since early 2021.

Administrative and operating expenses

The Group's administrative and operating expenses mainly consisted of (i) staff costs; (ii) depreciation; (iii) legal and professional fee; (iv) office and utility expenses; and (v) other administrative expenses.

Administrative and operating expenses decreased by HK$3.1 million or 17.2% from HK$18.0 million for the Previous Year to HK$14.9 million for the Year, which was mainly due to (i) absent of depreciation of right-of-use assets during the Year due to expiry of tenancy agreement without renewal in 2021 (Previous Year: HK$2.5 million); and (ii) decrease in staff costs to HK$5.9 million during the Year (Previous Year: HK$8.5 million).

Fair value change on investment properties

The Group's investment properties comprise certain commercial units and lands situated in Yingkou city, Liaoning province, the PRC. The valuation was carried out by an independent professional valuer, on the basis of market value. The Group recorded fair value loss on investment properties amounted to HK$13.9 million and HK$2.0 million for the Year and the Previous Year respectively.

Impairment losses of receivables, net

As disclosed in the 2020 Annual Report, the auditor of the Company (the "Auditor") issued a qualified opinion on recoverability on certain receivables, which consist of (1) prepayments of approximately RMB262.5 million (equivalently to HK$311.9 million) made by Qianhai Shitong Supply Chain (Shenzhen) Company Limited* (前海世通供應鏈(深圳)有限公司) ("Qianhai Shitong"), a wholly-owned subsidiary of the Company, in relation to certain building materials to its suppliers in 2018 (the "Prepayments"); and (2) trade receivables of RMB16.3 million (equivalent to HK$19.4 million) in relation to (i) sales of building materials recorded by Qianhai Shitong; and (ii) rental agreements entered into by the Group during the year ended 31 December 2018 (the "Trade Receivables").

After the reorganisation of the Board on 29 June 2020, the Company has at its best endeavors, taken numerous measures in recovering the outstanding Prepayments and Trade Receivables. In early September 2020, the Company has through its PRC lawyer issued letters to the respective counterparties in demanding immediate repayment of the outstanding Prepayments and Trade Receivables.

Based on the legal opinion issued by the PRC lawyer prior to the publication of the annual results of the Company for the Previous Year, there was no evidence on majority of the counterparties of the Prepayments and Trade Receivables that they are lack of financial capability in repaying the respective Prepayments and Trade Receivables, it was premature to evaluate their recoverability which may subject to the outcome of any negotiations or litigations and yet to materialise.

Nevertheless, as the majority of the Prepayments and the Trade Receivables were conducted by Qianhai Shitong, the Group may only commence legal actions against the counterparties upon the completion of the Nullification (as defined below) by the relevant authority, no provision of impairment was therefore made in the Previous Year.

In July 2021, the Nullification was completed and the Group then further consulted with the PRC lawyer to assess the feasibility of commencing litigation against the counterparties. However, based on the legal opinion issued by the PRC lawyer in December 2021, (i) the counterparties do not seem to maintain fixed assets which may be served as means of debt recovery; (ii) certain of the counterparties had unfulfilled court orders; (iii) the counterparties' financial position may have deteriorated as they may have an associated relationship with Mr. Li Sen, the former director of the Company, who is facing criminal charge. In addition, the legal proceeding to recover the outstanding balances could be cost-ineffective. As such, it may not be meaningful for the Group to commence litigation against such counterparties.

Despite the management has taken proactive actions to recover the outstanding balances from these parties, however, the management of the Group was uncertain and was not optimistic whether the Group is able to recover the outstanding balances from these parties and accordingly the Group has recognised an impairment charge on the Prepayments and Trade Receivables of HK$316.6 million and HK$19.7 million respectively during the Year (Previous Year: Nil).

Loss for the year

As a result of the foregoing, loss for the Year attributable to the owners of the Company was approximately HK$357.8 million (Previous Year: HK$25.8 million).

Liquidity, Financial Resources and Capital Structure

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize the value of its shareholders (the "**Shareholders**").

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to the Shareholders, issue new shares, obtain bank and other borrowings, or sell assets to reduce debt.

As at 31 December 2021, all other borrowings, shareholder's loan and loan from a fellow subsidiary of the Group bore fixed interest rates, the maturity and currency profile are set out as follows:

	Within 1 year	**2nd year**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Renminbi	–	216,324	216,324
United States Dollar	198	–	198
Hong Kong Dollar	30,220	–	30,220
	30,418	216,324	246,742

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as the sum of other borrowings, shareholder's loan and loan from a fellow subsidiary, less bank and cash balances. Total equity represents total equity as shown on the consolidated statement of financial position of the Group. As at 31 December 2021, the Group's gearing ratio was 107.6% (31 December 2020: 36.2%).

As at 31 December 2021, the debt-to-equity ratio and net debt to equity ratio of the Group, which were calculated by dividing total interest-bearing debt by total equity and dividing total interest-bearing debt less bank and cash balances by total equity, were 111.6% (31 December 2020: 36.9%) and 107.6% (31 December 2020: 36.2%) respectively.

As at 31 December 2021, the equity attributable to the owners of the Company decreased to approximately HK$221.1 million (31 December 2020: HK$569.7 million) which was mainly due to the operating loss during the Year. As at 31 December 2021, the Group's current assets and current liabilities amounted to approximately HK$381.9 million and HK$117.4 million respectively (31 December 2020: HK$696.7 million and HK$99.0 million), of which approximately HK$8.9 million (31 December 2020: HK$4.0 million) was bank and cash balances.

As at 31 December 2021, the Group had bank and cash balances of approximately HK$8.9 million (31 December 2020: HK$4.0 million), of which approximately 10%, 17% and 73% (31 December 2020: 41%, 15% and 44%) were denominated in United States Dollar ("**US$**"), Renminbi ("**RMB**") and Hong Kong Dollar ("**HK$**") respectively.

The Group's current ratio, calculated based on current assets over current liabilities, was 3.3 at 31 December 2021 (31 December 2020: 7.0).

In managing the liquidity risk, the Group monitors and maintains a level of bank and cash balances deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on funds generated from operations and fund raising activities.

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.

Charge on Group Assets

As at 31 December 2021, the investment properties of the Group with carrying amount of approximately HK$172.5 million (31 December 2020: HK$181.2 million) were pledged to secure certain other borrowings. Save for the above, the Group did not have any charges on its assets.

Foreign Exchange Exposure

The Group operates mainly in Mainland China and Hong Kong. For the operations in Mainland China, the transactions are mostly denominated in RMB. Minimal exposure to fluctuation in exchange rates is expected. For the operations in Hong Kong, most of the transactions are denominated in HK$ and US$. Since the exchange rate of US$ against HK$ is pegged to each other under the Linked Exchange Rate System, the exposure to fluctuation in exchange rates will only arise from the translation to the presentation currency of the Group. The Group did not resort to any currency hedging facility for the Year. However, the management will monitor the Group's foreign currency exposure should the need arise.

Capital Commitments

As at 31 December 2021, the Group did not have significant capital commitments (31 December 2020: Nil).

Contingent Liabilities

As at 31 December 2021, the Group did not have significant contingent liabilities (31 December 2020: Nil).

Employees and Remuneration Policies

As at 31 December 2021, the Group had a total of 19 employees in Hong Kong and the PRC (31 December 2020: 16 employees). Staff costs (including directors' emoluments) amounted to approximately HK$5.9 million for the Year (Previous Year: HK$8.5 million). 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.

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

There were no material acquisitions or disposals of subsidiaries and affiliated companies during the Year.

The Group had no significant investments held during the Year.

MATERIAL EVENTS

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**"). On 18 May 2021, the Company received a letter from the Listing Committee in upholding the Decision (the "**LC Decision**"). On 27 May 2021, the Company submitted a written request to the Listing Review Committee pursuant to Rule 2B.06(2) of the Listing Rules for reviewing of the LC Decision (the "**Second Review**"). The Listing Review Committee may endorse, modify or vary the LC Decision or make its own decision.

On 14 September 2021, the Company received a decision letter from the Listing (Review) Committee (the "**Decision Letter**") which upheld the decision of the Listing Committee and concluded that having assessed the Company's case under Rule 13.24 of the Listing Rules as set out in the Decision Letter, the Company has failed to maintain a sufficient level of operations as required under Rule 13.24 of the Listing Rules to warrant the continued listing of its shares.

On 19 October 2021, the Company received a letter (the "**Letter**") from the Stock Exchange, in which, among other things, the Stock Exchange sets out the following resumption guidance (the "**Resumption Guidance**") for the Company:

1. demonstrate its compliance with Rule 13.24 of the Listing Rules; and

2. announce all material information for the Company's shareholders and investors to appraise the Company's position.

The Letter also states that the Company must remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume. For this purpose, the Company has the primary responsibility to devise its action plan for resumption. The Stock Exchange further indicates that it may modify or supplement the Resumption Guidance if the Company's situation changes. For further details, please refer to the announcements of the Company dated 20 December 2020, 7 January 2021, 15 January 2021, 18 May 2021, 27 May 2021, 15 September 2021 and 21 October 2021.

Should there be any material development of this matter, further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the Listing Rules.

Unauthorised change in shareholding of a subsidiary of the Company

In August 2020, the Board 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 "**Qianhai Shitong**"); (ii) the suspected forgery of the company chop of Sincere Venture Limited, a direct wholly-owned subsidiary of the Company (the "**Sincere Venture**"); and (iii) the suspected forged signature of Mr. Wei Junqing, former director of Sincere Venture and former chief executive officer of the Company (collectively referred to as the "**Suspected Forgeries**").

As a result of the Suspected Forgeries, the Company's shareholding in Qianhai Shitong has been diluted from 100% to 25%, where new shares were issued by Qianhai Shitong to Shenzhen Aquatic Products Co., Ltd* (深圳市水產有限公司) ("**Shenzhen Aquatic**"), an independent third party (the "**Unauthorised Dilution**"). As a result of the Unauthorised Dilution, the purported shareholding structure of Qianhai Shitong was owned as to 75% by Shenzhen Aquatic and 25% by the Group at the material time.

In September 2020, the Board has reported the case to Market Supervision Administration of Shenzhen Municipality* (深圳市市場監督管理局) (the "**SZ Market Supervision Administration**") in relation to withdrawing and nullifying the Unauthorised Dilution (the "**Nullification**").

In July 2021, upon completion of the Nullification by the SZ Market Supervision Administration, the Group has regained the legal ownership and company chop.

For further details, please refer to the announcements of the Company dated 26 August 2020, 14 September 2020 and 6 August 2021.

* *For identification purpose only and should not be regarded as the official English translation of the Chinese names. In the event of any inconsistency, the Chinese name prevails*

FINAL DIVIDEND

The Board has resolved not to declare a final dividend for the year ended 31 December 2021 (2020: 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 2021.

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 2021.

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 2021.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2021 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.

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 2021 as set out in the preliminary announcement of the Group's results for the year ended 31 December 2021 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 2021. 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 2021:

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 2021, 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 OPINIONS

1. Trade receivables, loan receivables, interest receivables, prepayments, consideration receivables and impairment loss of trade receivables, impairment loss of prepayment for purchase of building materials and interest income from loan receivables

We have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of loan receivables of approximately HK$183,540,000, interest receivables of approximately HK$40,922,000 and consideration receivables of approximately HK$143,404,000 as at 31 December 2021; as well as 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. In addition, we have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the appropriate timing for recognition of (i) the impairment loss of trade receivables of approximately HK$19,665,000 and (ii) impairment loss of prepayment for purchase of building materials of approximately HK$316,614,000 for the year ended 31 December 2021; and interest income from loan receivables of approximately HK$15,258,000 for the year ended 31 December 2020.

There are no other satisfactory audit procedures that we could adopt to determine whether the above amounts are fairly stated in the consolidated financial statements.

In respect of the loan receivables, interest receivables and consideration receivables, the management is still in the progress of taking various actions, including but not limited to legal actions, against the respective debtors and borrowers. No result from actions is available up to the date of this report for justifying the extent of the recoverabilities of loan receivables, interest receivables and consideration receivables. In the absence of the information in relation to the financial status of the debtors and borrowers on assessing the respective abilities for settlement, the management considered that there is uncertainty on recovering the loan receivables, interest receivables and consideration receivables.

In respect of the trade receivables and prepayments for purchase of building materials, the management, after seeking legal advice in respect of the extent of its respective recoverabilities, provided for an impairment loss of trade receivables of approximately HK$19,665,000 and impairment loss of prepayment for purchase of building materials of approximately HK$316,614,000 for the year ended 31 December 2021. The management could not provide to us sufficient appropriate audit evidence to justify whether the impairment loss of trade receivables and impairment loss of prepayment for purchase of building materials should be made in the current year or in the prior years.

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 2021 and 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 2021 and 31 December 2020, and the assets and liabilities as at 31 December 2021 and 31 December 2020, 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:

	For the year ended 31 December	
	2021	2020
	HK$'000	*HK$'000*
Revenue	**–**	5,951
Cost of sales	**–**	(5,899)
Other gains, net	**–**	2
Interest income	**–**	15,258*
Impairment losses of trade receivables and prepayment for purchase of building materials	**(330,908)***	–
Administrative and operating expenses	**–**	(1,105)
Finance costs	**–**	(7)
Income tax expense	**–**	–
(Loss)/profit for the year	**(330,908)**	14,200

* *Included in qualified item (1) above*

(b) Assets and liabilities:

	As at 31 December	
	2021	2020
	HK$'000	*HK$'000*
Property, plant and equipment	**34**	33
Bank and cash balances	**30**	29
Trade and other payables	**9,453**	9,279
Income tax payables	**2,562**	2,487

(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 2021 and 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 2021 and 31 December 2020 and balances as at 31 December 2021 and 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 2021 and 2020 and the financial positions of the Group as at 31 December 2021 and 2020, 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$357,773,000 for the year ended 31 December 2021. In addition, as at 31 December 2021, the Group's bank and cash balances of approximately HK$8,898,000 is insufficient to cover the current liabilities of approximately HK$117,375,000. 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). The annual report of the Company for the year ended 31 December 2021 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, 31 March 2022

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. Zhong Jian, Mr. Du Hongwei and Mr. Liu Qin.