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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1102)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

The Board of Directors (the "**Board**") of Enviro Energy International Holdings Limited (the "**Company**") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2017 together with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**6,007**	120,471
Cost of sales		**(4,560)**	(117,294)
Gross profit		**1,447**	3,177
Other gains, net		**1**	818
Selling and distribution expenses		**–**	(83)
Administrative and operating expenses		**(11,527)**	(9,033)
Operating loss		**(10,079)**	(5,121)
Finance income		**–**	5
Finance cost	*5*	**(7,044)**	(3,120)
Loss before taxation	*6*	**(17,123)**	(8,236)
Income tax	*7*	**–**	–

	Notes	Six months ended 30 June **2017** ***HK$'000*** **(Unaudited)**	 2016 *HK$'000* (Unaudited)
Loss for the period		**(17,123)**	(8,236)
Attributable to:			
Owners of the Company		**(17,123)**	(8,171)
Non-controlling interests		**–**	(65)
		(17,123)	(8,236)
Loss per share attributable to owners of the Company (expressed in HK cent per share)	*9*		
Basic and diluted		**(0.23)**	(0.12)
Dividends	*8*	**–**	–

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(17,123)**	(8,236)
Other comprehensive income		
Item that may be reclassified to profit or loss:		
Exchange differences arising from translation of foreign operations	**3,528**	2,021
Other comprehensive income for the period, net of tax	**3,528**	2,021
Total comprehensive loss for the period	**(13,595)**	(6,215)
Attributable to:		
Owners of the Company	**(13,595)**	(8,423)
Non-controlling interests	**–**	2,208
Total comprehensive loss for the period	**(13,595)**	(6,215)

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2017

	Notes	**As at 30 June 2017 HK$'000 (Unaudited)**	As at 31 December 2016 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**48**	45
Investment properties	*10*	**421,698**	358,279
Prepayment for investment property	*14*	**–**	25,022
Available-for-sale investments	*11*	**100,200**	100,200
Club memberships		**330**	330
		522,276	483,876
Current assets			
Trade receivables	*12*	**–**	41,106
Held-to-maturity investment	*13*	**30,000**	–
Deposits, prepayments and other receivables	*14*	**173,682**	95,560
Loan receivable	*15*	**13,632**	–
Bank balances and cash		**6,051**	20,609
		223,365	157,275
Total assets		**745,641**	641,151
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**18,850**	18,850
Reserves		**401,697**	415,292
		420,547	434,142
Non-controlling interests		**(2,789)**	(2,789)
Total equity		**417,758**	431,353
LIABILITIES			
Current liabilities			
Trade and other payables	*16*	**20,497**	28,914
Receipt in advance		**33,610**	–
Bank borrowings	*17*	**273,776**	180,884
Total liabilities		**327,883**	209,798
Total equity and liabilities		**745,641**	641,151

Notes:

1. Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2017 (the "**Review Period**") has been prepared in accordance with Hong Kong Accounting Standard 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosures required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The unaudited condensed consolidated interim financial information has been prepared under the historical cost convention, except for investment properties and available-for-sale investments which are measured at fair values. The unaudited condensed consolidated interim financial information is presented in thousands of Hong Kong dollars (HK$'000), unless otherwise stated.

For the Review Period, the Group recorded a net loss of HK$17,123,000. As at 30 June 2017, the Group's current liabilities exceeded its current assets by HK$104,518,000 and included in current liabilities were bank borrowings of HK$273,776,000. The Group had bank balances and cash of HK$6,051,000 at the same date.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity of the Company and its available sources of financing to assess whether the Group will have sufficient funds to fulfill its financial obligations to continue as a going concern. The Group has taken a number of measures to improve the Group's financial position and alleviate its liquidity pressure, which include, but not limited to, the following:

1. During the Review Period, the Group has successfully renewed short-term bank borrowings of RMB92,000,000 (equivalent to approximately HK$104,512,000) and RMB70,000,000 (equivalent to approximately HK$79,520,000) by extending the maturity date to 16 January 2018 and 22 March 2018 respectively. In addition, the Group has confirmed with the bank that it will unconditionally extend the maturity dates for another twelve months upon the expiry of the bank borrowings.

2. On 16 March 2017, the Group obtained a loan facility of HK$100,000,000 from a licensed money lender in Hong Kong. The facility is available for drawdown during the period from 16 March 2017 to 30 September 2018. Such loan is unsecured, bears interest at 12% per annum and once drawn down, the principal is repayable on the date falling at the end of the eighteenth month from the first drawdown date and the interest is repayable on a monthly basis.

3. In respect of the Group's business in trading solar panels, the directors of the Company are enhancing its credit management, including but not limited to, shortening the credit period offered to its customers and demanding its customers to pay deposits in advance so as to improve the Group's working capital. With respect to the properties investment segment, the Group is actively marketing its investment properties for rental in order to increase the cash inflows and at the same time also considering opportunities to dispose of its investment properties for capital gains as they arise.

4. The Group shall implement other cost-saving measures with the objective of keeping the administrative and daily operational expenditures to a minimum.

The directors of the Company have reviewed the Group's cash flow projections prepared by the management of the Company which cover a period of not less than twelve months from 30 June 2017. Based on the cashflow projections and taking into account the anticipated cash flows generated from the Group's operations, possible changes in its operating performance and the loan facility of HK$100,000,000 secured, the directors of the Company are of the opinion that the Group will have sufficient financial resources to satisfy its future working capital requirements and to meet its financial obligations as and when they fall due within the next twelve months from 30 June 2017. Accordingly, the directors of the Company consider that it is appropriate to prepare the Group's condensed consolidated interim financial information on a going concern basis.

2. Principal accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements.

Amendments to Hong Kong Financial Reporting Standards ("**HKFRS**") effective for the financial year ending 31 December 2017 do not have a material impact on the Group.

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

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

3. Segment information

In a manner consistent with the way in which information is reported internally to the Co-chief Executive Officers of the Company (collectively the "**CEO**"), the Group has presented the following reportable segments:

(i) Natural resources and energy related business

(ii) Information technology and related business

(iii) Properties investment

(iv) Investment holding

For the purposes of assessing segment performance and allocating resources between segments, the CEO monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

(a) Segment assets include all tangible and intangible assets and current assets with the exception of club memberships and other unallocated corporate assets.

(b) Segment liabilities include all liabilities with the exception of bank borrowings and other unallocated corporate liabilities.

(c) Segment results are allocated to reportable segments with reference to sales generated and expenses incurred by those segments, together with other gains, net, selling and distribution expenses and administrative and operating expenses.

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

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

	Natural resources and energy related business *HK$'000* (Unaudited)	Information technology and related business *HK$'000* (Unaudited)	Properties investment *HK$'000* (Unaudited)	Investment holding *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Six months ended 30 June 2017					
Segment revenue	**4,697**	**–**	**891**	**419**	**6,007**
Gross profit	**137**	**–**	**891**	**419**	**1,447**
Other gains, net	**–**	**–**	**–**	**1**	**1**
Administrative and operating expenses	**(2)**	**(6)**	**(2,507)**	**(120)**	**(2,635)**
Segment results	**135**	**(6)**	**(1,616)**	**300**	**(1,187)**
Unallocated:					
Administrative and operating expenses					**(8,892)**
Operating loss					**(10,079)**
Finance cost					**(7,044)**
Loss before taxation					**(17,123)**
Income tax					**–**
Loss for the period					**(17,123)**

	Natural resources and energy related business *HK$'000* (Unaudited)	Information technology and related business *HK$'000* (Unaudited)	Properties investment *HK$'000* (Unaudited)	Investment holding *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
As at 30 June 2017					
Segment assets	**84,871**	**–**	**514,555**	**130,200**	**729,626**
Unallocated assets					**16,015**
Total assets					**745,641**
Segment liabilities	**41,701**	**–**	**10,005**	**–**	**51,706**
Unallocated liabilities					**276,177**
Total liabilities					**327,883**

	Natural resources and energy related business HK$'000 (Unaudited)	Information technology and related business HK$'000 (Unaudited)	Properties investment HK$'000 (Unaudited)	Investment holding HK$'000 (Unaudited)	Consolidated HK$'000 (Unaudited)
Six months ended 30 June 2016					
Segment revenue	106,303	14,168	–	–	120,471
Gross profit	2,968	209	–	–	3,177
Other gains, net	98	802	3	–	903
Selling and distribution expenses	(83)	–	–	–	(83)
Administrative and operating expenses	(547)	(7)	(618)	–	(1,172)
Segment results	2,436	1,004	(615)	–	2,825
Unallocated:					
Other losses, net					(85)
Administrative and operating expenses					(7,861)
Operating loss					(5,121)
Finance income					5
Finance cost					(3,120)
Loss before taxation					(8,236)
Income tax					–
Loss for the period					(8,236)

	Natural resources and energy related business HK$'000 (Audited)	Information technology and related business HK$'000 (Audited)	Properties investment HK$'000 (Audited)	Investment holding HK$'000 (Audited)	Consolidated HK$'000 (Audited)
As at 31 December 2016					
Segment assets	143,275	–	384,656	107,635	635,566
Unallocated assets					5,585
Total assets					641,151
Segment liabilities	8,064	–	18,224	–	26,288
Unallocated liabilities					183,510
Total liabilities					209,798

4. Revenue

Revenue represents amount receivable for goods sold and services provided to external customers in the normal course of business, rental income from investment properties and interest income from held-to-maturity investment.

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

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Sale of solar panels	**4,697**	106,264
Sale of electronic components	**–**	14,168
Sale of marble products	**–**	39
Rental income	**891**	–
Interest income from held-to-maturity investment	**419**	–
	6,007	120,471

5. Finance cost

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank borrowings wholly repayable within one year	**7,044**	3,120

6. Loss before taxation

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

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**4,560**	117,294
Depreciation of property, plant and equipment	**11**	46
Operating lease payments	**738**	1,197
Staff costs, including directors' emoluments		
– Salaries, allowances and other benefits	**5,639**	4,174
– Retirement benefit scheme contributions	**231**	147
Exchange (gain)/loss, net	**(63)**	30
Impairment loss on an available-for-sale investment	**–**	83

7. Income tax

The Company was incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands until 2021. The Company's subsidiaries established in the British Virgin Islands were incorporated under the International Business Companies Acts of the British Virgin Islands and accordingly are exempted from the payment of the British Virgin Islands income taxes.

No Hong Kong Profits Tax has been provided as the Group did not have any assessable profits in Hong Kong for the full financial year based on management's estimates (six months ended 30 June 2016: nil).

Enterprise Income Tax has not been provided for the subsidiaries in the People's Republic of China (the "**PRC**") as they did not generate any assessable profits for the full financial year based on management's estimates (six months ended 30 June 2016: nil).

Corporate Income Tax has not been provided for the subsidiaries in Indonesia as they did not generate any assessable profits for the full financial year based on management's estimates (six months ended 30 June 2016: nil).

8. Dividends

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

9. Loss per share

(a) Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2017 and 2016.

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

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company for the purpose of calculating basic loss per share *(HK$'000)*	**(17,123)**	(8,171)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share *('000)*	**7,539,944**	7,052,525

(b) The Group had share options outstanding as at 30 June 2017. The share options did not have dilutive effect on loss per share for the six months ended 30 June 2017 (six months ended 30 June 2016: the share options and warrants did not have a dilutive effect on loss per share).

10. Investment properties

	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)
At fair value		
At 1 January	**358,279**	96,882
Reclassification of prepayment	**25,022**	–
Additions	**2,595**	99,417
Acquired through subsidiaries	**29,132**	174,908
Exchange differences	**6,670**	(15,110)
Change in fair value	**–**	2,182
	421,698	358,279

The Group acquired two parcels of land located at Bai Sha Wan, Bayuquan District of Yingkou City, Liaoning Province, the PRC on 23 December 2016, of which the land use right permit for a parcel of land with a gross usage area of approximately 22,410 square meters had not been obtained. The consideration of RMB22,410,000 (equivalent to approximately HK$25,022,000) was booked as prepayment for investment property as of 31 December 2016. The land use right permit was subsequently obtained during the Review Period and accordingly the carrying amount of such parcel of land was reclassified from prepayment for investment property to investment properties.

On 3 January 2017, an indirect wholly owned subsidiary of the Company acquired Yingkou Haida Property Service Company Limited (literal translation of the Chinese name) ("**Yingkou Haida**"), a company established in the PRC, which owned a piece of land with gross usage area of approximately 5,000 square metres and two blocks of buildings with total floor area of approximately 5,022 square meters at a consideration of RMB24,650,000 (equivalent to approximately HK$28,002,000). The properties situated at Xi Shi District of Yingkou City, Liaoning Province, the PRC.

As at 30 June 2017, the Group's investment properties were valued at fair values by the management by reference to recent market evidence of transaction prices for similar properties in similar location and condition. No valuation was performed by independent qualified professional valuers. There are no change in fair values of the investment properties for the current period.

As at 30 June 2017, the Group's investment properties with carrying amount of HK$323,548,000 (31 December 2016: HK$217,620,000) were pledged to secure certain interest-bearing bank borrowings granted to the Group.

11. Available-for-sale investments

	As at 30 June 2017	As at 31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Unlisted equity securities, at cost *(note)*	**100,000**	100,000
Listed equity securities, at quoted price	**200**	200
	100,200	100,200

Note: The balance represents an unlisted investment related to the subscription of Class A Shares of China Huacai Finance Equity Investment Fund SP (the "**Fund**") in an aggregate amount of HK$100,000,000. There was no change in fair value of this investment during the Review Period.

12. Trade receivables

	As at 30 June 2017	As at 31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**–**	41,106

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.

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

	As at 30 June 2017	As at 31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**–**	978
31–60 days	**–**	–
61–90 days	**–**	7,010
91–120 days	**–**	18,089
121–150 days	**–**	15,029
	–	41,106

13. Held-to-maturity investment

On 7 April 2017, the Group subscribed for a bond issued by Huajun Holdings Limited (stock code: 377) ("**Huajun**"), a company listed on the Stock Exchange, at a consideration of HK$30,000,000. This held-to-maturity investment is unsecured, interest bearing at 6% per annum and repayable within one year (30 June 2016: nil).

14. Deposits, prepayments and other receivables

	As at 30 June 2017 *HK$'000* **(Unaudited)**	As at 31 December 2016 *HK$'000* (Audited)
Non-current		
Prepayment for investment property *(note (i))*	**–**	25,022
Current		
Deposits	**11**	390
Prepayment for purchases of inventories	**82,716**	87,276
Other prepayments *(note (ii))*	**89,744**	353
Investment income receivables	**–**	7,435
Interest income receivable	**419**	–
Other receivables	**792**	106
	173,682	95,560
Total deposits, prepayments and other receivables	**173,682**	120,582

Notes:

(i) The amount represents the consideration paid for a parcel of land with a gross usage area of approximately 22,410 squares meters. As the land use right permit in respect of such parcel of land had not been obtained as of 31 December 2016, the payment made was accounted for as a prepayment. The land use right permit was obtained during the Review Period and accordingly, such prepayment has been reclassified to investment properties.

(ii) On 13 June 2017, an indirect wholly owned subsidiary of the Company entered into a contract with a supplier in the PRC for purchasing materials for the refurbishment of the investment properties amounting to RMB93,000,000 (equivalent to approximately HK$105,648,000). As at 30 June 2017, a sum of RMB79,000,000 (equivalent to approximately HK$89,744,000) was paid to the supplier as prepayment.

15. Loan receivable

On 19 May 2017, an indirect wholly owned subsidiary of the Company (the "**Entrusting Lender**"), an independent third party (the "**Borrower**") and a commercial bank in the PRC (the "**Entrusted Party**") entered into an entrusted loan agreement, pursuant to which the Entrusting Lender agreed to provide the entrusted loan in the principal amount of RMB12,000,000 (equivalent to approximately HK$13,632,000) to the Borrower through the Entrusted Party at an interest rate of 9.0% per annum. The entrusted loan is repayable on 19 September 2017.

16. Trade and other payables

	As at 30 June 2017	As at 31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables *(note)*	**231**	231
Construction and other costs payable	**3,133**	8,107
Other payables	**7,035**	10,001
Consideration payable	**7,800**	7,800
Accrued liabilities	**2,298**	2,775
	20,497	28,914

Note:

The amounts are repayable according to normal credit terms of 30 to 180 days.

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

	As at 30 June 2017	As at 31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**–**	231
Over 180 days	**231**	–
	231	231

17. Bank borrowings

As at 30 June 2017, the analysis of the carrying amount of bank borrowings is as follows:

	As at 30 June 2017 *HK$'000* (Unaudited)	As at 31 December 2016 *HK$'000* (Audited)
Current		
Bank borrowings – secured	**273,776**	180,884

On 28 January 2016, Huan Neng International Trading (Yingkou) Company Limited (literal translation of the Chinese name) an indirect wholly owned subsidiary of the Company, as borrower, entered into a bank borrowing agreement for RMB92,000,000 (equivalent to approximately HK$104,512,000) with a commercial bank in the PRC. The bank borrowing was secured by an investment property of the Group with carrying amount of HK$93,493,000 as at 30 June 2017. The loan was renewed for one year in January 2017. The Group has confirmed with the bank that it will unconditionally extend the maturity date for another twelve months upon the expiry of such bank borrowing.

On 20 July 2016, the Group acquired 100% equity interest of Liaoning Taoqibao Mall Management Co., Ltd. (literal translation of the Chinese name) which had a bank borrowing of RMB70,000,000 (equivalent to approximately HK$79,520,000) with a commercial bank in the PRC. The bank borrowing was secured by an investment property of the Group with carrying amount of HK$129,621,000 as at 30 June 2017. The loan was renewed for one year in March 2017. The Group has confirmed with the bank that it will unconditionally extend the maturity date for another twelve months upon the expiry of such bank borrowing.

On 21 June 2017, Yingkou Hailanggu Travel Co., Limited (literal translation of the Chinese name) an indirect wholly owned subsidiary of the Company, as borrower, entered into a bank borrowing agreement for RMB79,000,000 (equivalent to approximately HK$89,744,000) with a commercial bank in the PRC. The bank borrowing was secured by investment properties of the Group with total carrying amount of approximately HK$100,434,000 as at 30 June 2017.

18. Event after the end of the reporting period

On 4 July 2017, Enviro Energy Minerals Limited ("**EE Minerals**"), an indirect wholly owned subsidiary of the Company, entered into an agreement with China Area International Limited ("**China Area**"), pursuant to which EE Minerals has conditionally agreed to acquire and China Area has conditionally agreed to sell the 100% equity interest in China Area International Development Limited ("**CAIDL**") at a consideration of RMB54,000,000 (equivalent to approximately HK$63,180,000), which will be settled by cash. As advised by China Area, Liaoning Xingcheng Kaiyuan Stone Material Company Limited (literal translation of the Chinese name) ("**Liaoning Xingcheng**"), an indirect wholly owned subsidiary of CAIDL in the PRC, held an exploration licence (the "**Exploration Licence**") for the mining right of granite at a mining site (the "**Mine**") located at Guojia Village, Gaojia Mountain Range Township, Xingcheng City, Liaoning Province, the PRC of 0.1479 square kilometres. As at the date of this announcement, the acquisition is not yet completed. Further details of the transaction are stated in the Company's announcement dated 4 July 2017.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2017 (30 June 2016: nil).

MANAGEMENT DISCUSSION AND OUTLOOK

BUSINESS REVIEW

During the Review Period, the Group continued to engage in natural resources and energy related business, information technology and related business, investment holding and properties investment. For the Review Period, the Group reported revenue of HK$6,007,000, decreased by 95% from the previous period (30 June 2016: HK$120,471,000), and gross profit of HK$1,447,000, showing a decrease of 54% compared to the prior period (30 June 2016: HK$3,177,000). The decreases in the Group's revenue and gross profit were mainly attributable to the decrease in sales of energy related products and electronic components during the Review Period.

Natural resources and energy related business

Since December 2015, the Group has expanded its scope of natural resources business to energy related products by engaging in the sale of solar panels. During the Review Period, the Group recorded revenue of HK$4,697,000 (30 June 2016: HK$106,264,000) from the sale of solar panels and booked a gross profit from these trades. There was a drop in the sale of solar panels during the Review Period as the Group is in the process of renegotiating certain terms of the trading contracts with its customers as a measure to enhance its credit management. The solar panels traded by the Group are for the use by solar power plants in the PRC for building their power generation facilities, and these solar panels are in good demand primarily as a result of the promotion of "Clean Energy" concept in the PRC.

Subsequent to the end of the Review Period, on 4 July 2017, EE Minerals, an indirect wholly owned subsidiary of the Company, entered into an agreement with China Area, pursuant to which EE Minerals has conditionally agreed to acquire and China Area has conditionally agreed to sell the 100% equity interest in CAIDL at a consideration of RMB54,000,000 (equivalent to approximately HK$63,180,000), which will be settled by cash. As advised by China Area, Liaoning Xingcheng, an indirect wholly owned subsidiary of CAIDL in the PRC, held the Exploration Licence for the mining right of granite at the Mine located at Guojia Village, Gaojia Mountain Range Township, Xingcheng City, Liaoning Province, the PRC of 0.1479 square kilometres. As at the date of this announcement, the acquisition is not yet completed. Further details of the transaction are stated in the Company's announcement dated 4 July 2017.

As a whole, since the solar panel trading operation had contributed a profitable result, the business recorded an overall profit of HK$135,000 (30 June 2016: HK$2,436,000).

Information technology and related business

During the prior period, the Group recorded revenue of HK$14,168,000 from the information technology and related business, representing trading income from sale of components of various electronic devices. The Group did not record any revenue for the Review Period as the market of the electronic components traded by the Group has become very competitive with limited profitable business opportunities. The Group is now sourcing various electronic components with better profit margin for developing new businesses.

Properties investment

The Group's investment properties situated in Yingkou City, Liaoning Province, the PRC, comprising 40 commercial units totalling approximately 14,182 square meters, certain of the commercial units have been leased out for rental income subsequent to the Review Period.

The Group's investment properties comprise the fourth floor and the fifth floor of a building situated at Dalian City, Liaoning Province, the PRC have an approximate total floor area of 2,843 square meters. The properties are now vacant and the Group intends to lease out these properties for rental income.

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

The Group owned two parcels of land located at Bai Sha Wan, Bayuquan District of Yingkou City, Liaoning Province, the PRC with gross usage area of approximately 59,245 square meters. The Group intends to build commercial properties on these parcels of land and lease out the properties for rental income.

On 3 January 2017, an indirect wholly owned subsidiary of the Company acquired Yingkou Haida, a company established in the PRC, which owned a piece of land with gross usage area of approximately 5,000 square metres and two blocks of buildings with total floor area of approximately 5,022 square meters. The Group intends to refurbish these properties and put them on lease for rental income.

During the Review Period, the operation's rental income amounted to approximately HK$891,000 (30 June 2016: nil). As a whole, the operation booked a loss of HK$1,616,000 for the Review Period after accounting for operating expenses (30 June 2016: HK$615,000).

Investment holding

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

On 7 April 2017, the Group subscribed for a bond issued by Huajun at a consideration of HK$30,000,000. This held-to-maturity investment is unsecured, interest bearing and repayable within one year. The Group intends to hold this investment for interest income and will redeem the bond upon maturity according to the terms of the subscription agreement.

During the Review Period, the business recorded a profitable results of HK$300,000 (30 June 2016: nil).

BUSINESS PROSPECTS

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

FINANCIAL REVIEW

Overall Results

For the Review Period, the Group recorded a loss attributable to owners of the Company of HK$17,123,000 (30 June 2016: HK$8,171,000) and basic loss per share of HK0.23 cent (30 June 2016: HK0.12 cent). The increase in the Group's loss attributable to owners of the Company was mainly due to the decrease in revenue and the increase in administrative and operating expenses to HK$11,527,000 (30 June 2016: HK$9,033,000), being mainly related to increase in staff costs (including directors' emoluments).

Other Comprehensive Income

During the Review Period, the Group recorded an other comprehensive income of HK$3,528,000 (30 June 2016: HK$2,021,000) which represented exchange gains arising from translation of the properties investment operation in the PRC. During the Review Period, the Renminbi appreciated by approximately 1.7% against the Hong Kong dollar.

Liquidity, Financial Resources and Capital Structure

At 30 June 2017, the Group had current assets of HK$223,365,000 (31 December 2016: HK$157,275,000) comprising bank balances and cash of HK$6,051,000 (31 December 2016: HK$20,609,000). The Group's current ratio, calculated based on current assets of HK$223,365,000 (31 December 2016: HK$157,275,000) over current liabilities of HK$327,883,000 (31 December 2016: HK$209,798,000), was about 0.68 at the period end (31 December 2016: 0.75). At the period end, the Group's current liabilities increased by 56% to HK$327,883,000 over the last year end (31 December 2016: HK$209,798,000) and the increase was primarily due to a new bank borrowing of RMB79,000,000 (equivalent to approximately HK$89,744,000) raised during the Review Period. At 30 June 2017, the bank borrowings were secured, denominated in Renminbi, bore interest at fixed rates and were all due within one year.

On 16 March 2017, the Group obtained a loan facility of HK$100,000,000 from a licensed money lender in Hong Kong. The facility is available for drawdown during the period from 16 March 2017 to 30 September 2018. Up to the date of this announcement, no drawdown was made.

At the period end, the equity attributable to owners of the Company amounted to HK$420,547,000 (31 December 2016: HK$434,142,000). The decrease in the equity attributable to owners of the Company was mainly a result of the loss incurred by the Group during the Review Period.

As at 30 June 2017, the debt to equity ratio and net debt to equity ratio of the Group, which calculated by dividing total interest-bearing debt by total equity and dividing total interest-bearing debt less bank balances and cash by total equity, were 66% (31 December 2016: 42%) and 64% (31 December 2016: 37%) 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 requirements.

Charge on Group Assets

As at 30 June 2017, investment properties of the Group with carrying amount of HK$323,548,000 were pledged to secure bank borrowings granted to the Group (31 December 2016: HK$217,620,000).

Foreign Exchange Exposure

During the Review Period, the Group mainly earned revenue and incurred costs in Hong Kong dollar and Renminbi and no hedging measures had been undertaken. The management will continue to monitor closely the Group's foreign exchange risks by entering into forward contracts and utilising applicable derivatives to hedge out foreign exchange risks when considers appropriate.

Capital Commitment

As at 30 June 2017, the Group had no material capital commitment (31 December 2016: nil).

Contingent Liability

As at 30 June 2017, the Group had no material contingent liability (31 December 2016: nil).

CORPORATE GOVERNANCE

The Company had complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules throughout the Review Period except for the following deviation with reason as explained:

Code provision E.1.2

Code provision E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting of the Company (the "**AGM**").

Deviation

The Chairman of the Board was unable to attend the AGM held on 15 June 2017 as he had other business engagement.

AUDIT COMMITTEE

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

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

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

By Order of the Board
Enviro Energy International Holdings Limited
Pu Wei
Co-chief Executive Officer

Hong Kong, 28 August 2017

As at the date of this announcement, the Board comprises four Executive Directors, namely Mr. Suen Cho Hung, Paul (Chairman), Mr. Zhang Yuanqing (Co-chief Executive Officer), Mr. Pu Wei (Co-chief Executive Officer) and Mr. Lai Ming Wai and three Independent Non-executive Directors, namely Mr. Wen Guangwei, Mr. Chiang Bun and Ms. Leung Pik Har, Christine.