



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)

2016

Interim Report

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Abbreviations

In this interim report, the following abbreviations have the following meanings unless otherwise specified:

“Board”	the Board of Directors of the Company
“Company”	Enviro Energy International Holdings Limited
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$” and “HK cent”	Hong Kong dollar(s) and cent, the lawful currency of Hong Kong
“%”	per cent

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Suen Cho Hung, Paul
(Chairman)
Mr. Zhang Yuanqing
(Chief Executive Officer)
Mr. Lai Ming Wai
Mr. Zhu Lijia

Independent Non-executive Directors

Mr. David Tsoi
Mr. Chiang Bun
Ms. Leung Pik Har, Christine

AUDIT COMMITTEE

Mr. David Tsoi (Chairman)
Mr. Chiang Bun
Ms. Leung Pik Har, Christine

REMUNERATION COMMITTEE

Mr. Chiang Bun (Chairman)
Mr. David Tsoi
Ms. Leung Pik Har, Christine

NOMINATION COMMITTEE

Ms. Leung Pik Har, Christine (Chairlady)
Mr. David Tsoi
Mr. Chiang Bun
Mr. Zhang Yuanqing

COMPANY SECRETARY

Ms. Chan Yuk Yee

TRADING OF SHARES

The Stock Exchange of Hong Kong Limited
(Stock Code: 1102)

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1502, 15th Floor
Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited
Bank of Communications Co., Ltd., Hong Kong Branch

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
George Town
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

<http://www.enviro-energy.com.hk>

* The above information is updated to 22 September 2016, the latest practicable date before printing of this interim report.

Management Discussion and Outlook

BUSINESS REVIEW

During the six months ended 30 June 2016 (the “Review Period”), the Group continued to engage in investment holding, property investment, natural resources and energy and information technology related businesses. For the Review Period, the Group reported revenue of HK\$120,471,000, increased by over 653 times from the previous period (30 June 2015: HK\$184,000), and gross profit of HK\$3,177,000, showing an increase of over 21 times compared to the prior period (30 June 2015: HK\$142,000). The increases in the Group’s revenue and gross profit were mainly attributed to the increase in sales of energy and information technology related products during the Review Period.

Natural Resources and Energy Related Business

Operations

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

Resources and reserves

As at 30 June 2016, the Company indirectly held approximately 90% equity interest of PT. Bara Hugo Energy (“BHE”) that held 37.5% equity interest of PT. Grasada Multinational (“GM”) which in turn held a mining permit covering approximately 33 hectares at Selenrang, Bontoa, Maros Regency (the “Maros Marble Project”) in southwestern Sulawesi, Indonesia (“GM Quarry”). BHE also held warrants in GM which upon exercise will bring its shareholding in GM to 60%. As announced on 17 February 2014, the Company completed a competent person’s report (“CPR”) on the GM Quarry. According to the CPR, as of 30 November 2013, the total proved and probable gross (100%) mineable reserve of marble estimated was approximately 2,613,000 m³. Details of the resources from the CPR were set out in the annual report of the Company for the year ended 31 December 2015.

As disclosed in the annual report of the Company for the year ended 31 December 2015, the mining permit associated with the mining properties will expire on 22 January 2017, and the required extension is subject to approval by the Sulawesi Provincial Government of Indonesia. In May 2016, after the management of BHE was made aware by the Sulawesi Provincial Government of Indonesia that certain of the mining areas within the GM Quarry may be designated as archaeological and tourism sites, and that GM has delegated BHE to submit an application (the “Application”) for extending the mining permit, BHE has accordingly made the Application with a reduced mining area within the GM Quarry that focuses on the key development area as referred to in the CPR. Based on an estimate by the management of BHE after consultation with the independent valuer involved in the CPR, the reduction of the mining area may affect the mining resources and reserves within the GM Quarry by approximately 36%. Therefore, the reduced total proved and probable gross (100%) mineable reserve of marble estimate would be approximately 1,670,000 m³. As the reduced mineable reserve estimate still represents seven times the forecast 10-year production figures for the GM Quarry (such figures form the basis in arriving at the valuation of GM Quarry calculated under a discounted cash flow method), the management of BHE does not consider there will be any significant adjustment to the carrying amount of GM Quarry of HK\$81,019,000 as at 30 June 2016 if the Application is granted without modification. As of the date of this report, BHE has yet to hear from the Sulawesi Provincial Government of Indonesia regarding the Application. As the outcome of the Application is uncertain, the condensed consolidated interim financial information of the Group do not include any adjustment on the carrying amount of the mining properties as at 30 June 2016 that would be required if the Application is not granted or modified. Appropriate announcement and/or disclosure in the forthcoming annual report on material development and outcome of the Application will be made in due course.

Management Discussion and Outlook

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

Information Technology and Related Business

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

Property Investment

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

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

Investment Holding

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

Overall Results

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

Management Discussion and Outlook

Other Comprehensive Income

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

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

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

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

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

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

Charge on Group Assets

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

Foreign Exchange Exposure

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

Management Discussion and Outlook

Capital Commitments

On 23 December 2015, Fine Sources Limited (“Fine Sources”), an indirect wholly owned subsidiary of the Company, entered into the agreement with Dalian Taiyuan Real Estate Development Co., Ltd (literal translation of the Chinese name) (“Dalian TY”), pursuant to which Fine Sources had conditionally agreed to acquire from Dalian TY the fourth and the fifth floors of Tower A, Bao Hua Wang Yuan situated at Dalian City, Liaoning Province in the PRC at the consideration of HK\$102,303,975.84 of which HK\$0.15 of the consideration will be paid in cash and HK\$102,303,975.69 will be settled by the allotment and issuance of the consideration shares at HK\$0.21 each. The transaction was approved by the shareholders of the Company on 3 March 2016 and is yet to be completed. Accordingly, as at 30 June 2016, the Group had capital commitments of approximately HK\$102,304,000 for acquisition of such investment properties (31 December 2015: HK\$102,304,000). Further details of the transaction are stated in the Company’s announcement dated 23 December 2015 and the Company’s circular dated 17 February 2016.

Contingent Liabilities

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

EMPLOYEES INFORMATION

As at 30 June 2016, the Group had 18 full-time employees (30 June 2015: 15) working in Hong Kong, China and Indonesia. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Other benefits, such as medical and retirement benefits and training programs, are also provided.

BUSINESS PROSPECTS

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

Condensed Consolidated Income Statement

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Continuing operations:			
Revenue	7	120,471	184
Cost of sales		(117,294)	(42)
Gross profit		3,177	142
Other gains, net		818	3,305
Selling and distribution expenses		(83)	(64)
Administrative and operating expenses		(9,033)	(22,963)
Operating loss		(5,121)	(19,580)
Finance income		5	–
Finance cost	8	(3,120)	–
Loss before taxation	9	(8,236)	(19,580)
Income tax	10	–	–
Loss for the period from continuing operations		(8,236)	(19,580)
Discontinued operation:			
Profit for the period from discontinued operation	11	–	4
Loss for the period		(8,236)	(19,576)
Attributable to:			
Owners of the Company			
Continuing operations		(8,171)	(19,450)
Discontinued operation		–	211
		(8,171)	(19,239)
Non-controlling interests			
Continuing operations		(65)	(130)
Discontinued operation		–	(207)
		(65)	(337)
		(8,236)	(19,576)
Loss per share attributable to owners of the Company (expressed in HK cent per share)	13		
Basic and diluted — from continuing operations		(0.12)	(0.37)
Basic and diluted — from discontinued operation		–	–
		(0.12)	(0.37)
Dividends	12	–	–

The notes on pages 15 to 32 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

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

The notes on pages 15 to 32 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Balance Sheet

As at 30 June 2016

	Notes	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	14	749	760
Exploration and evaluation assets	15	81,019	77,500
Investment properties	16	94,897	96,882
Available-for-sale investments	17	100,207	290
Club memberships		330	330
Deposits	19	325	330
		277,527	176,092
Current assets			
Inventories		425	407
Trade receivables	18	63,908	6,932
Deposits, prepayments and other receivables	19	135,915	42,734
Bank balances and cash		61,682	310,736
		261,930	360,809
Total assets		539,457	536,901
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	22	17,632	17,630
Reserves		351,524	359,822
		369,156	377,452
Non-controlling interests		50,927	48,719
Total equity		420,083	426,171
LIABILITIES			
Current liabilities			
Trade and other payables	20	11,817	13,848
Consideration payables for acquisition of investment properties	20	-	96,882
Bank borrowing	21	107,557	-
Total liabilities		119,374	110,730
Total equity and liabilities		539,457	536,901

The notes on pages 15 to 32 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to owners of the Company									
	Share	Share	Capital	Share	Translation	Other	Accumulated		Non-	
	capital	premium	reserve	options	reserve	reserve	losses	Sub-total	controlling	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
As at 1 January 2015	13,101	968,297	19,980	77,999	(29,711)	40,303	(463,327)	626,642	288,620	915,262
Comprehensive loss										
Loss for the period	-	-	-	-	-	-	(19,239)	(19,239)	(337)	(19,576)
Other comprehensive (loss)/income										
Fair value gain on available-for-sale investment	-	-	-	-	-	88	-	88	-	88
Exchange differences arising on translation of foreign operations	-	-	-	-	(44,327)	-	-	(44,327)	(14,114)	(58,441)
Total other comprehensive (loss)/income	-	-	-	-	(44,327)	88	-	(44,239)	(14,114)	(58,353)
Total comprehensive (loss)/income for the period	-	-	-	-	(44,327)	88	(19,239)	(63,478)	(14,451)	(77,929)
Transactions with owners in their capacity as owners										
Lapse of share options	-	-	-	(5,641)	-	-	5,641	-	-	-
Exercise of share options (Note 22(a))	61	4,842	-	(2,017)	-	-	-	2,886	-	2,886
Exercise of warrants (Note 22(b))	119	11,200	-	-	-	(1,331)	-	9,988	-	9,988
Purchase of non-controlling interests (Note 12)	-	-	-	-	-	32,901	-	32,901	(32,901)	-
Distribution in specie (Note 12)	-	(555,559)	-	-	-	-	-	(555,559)	(155,359)	(710,918)
Derecognition upon distribution in specie	-	-	-	-	55,707	(91,669)	35,962	-	-	-
Total transactions with owners in their capacity as owners	180	(539,517)	-	(7,658)	55,707	(60,099)	41,603	(509,784)	(188,260)	(698,044)
As at 30 June 2015	13,281	428,780	19,980	70,341	(18,331)	(19,708)	(440,963)	53,380	85,909	139,289

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to owners of the Company							Sub-total	Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Share options reserve	Translation reserve	Other reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
As at 1 January 2016	17,630	793,430	19,980	68,924	(18,236)	(39,117)	(465,159)	377,452	48,719	426,171
Comprehensive loss										
Loss for the period	-	-	-	-	-	-	(8,171)	(8,171)	(65)	(8,236)
Other comprehensive (loss)/income										
Exchange differences arising on translation of foreign operations	-	-	-	-	(252)	-	-	(252)	2,273	2,021
Total comprehensive (loss)/income for the period	-	-	-	-	(252)	-	(8,171)	(8,423)	2,208	(6,215)
Transactions with owners in their capacity as owners										
Exercise of warrants (Note 22(b))	2	142	-	-	-	(17)	-	127	-	127
Total transactions with owners in their capacity as owners	2	142	-	-	-	(17)	-	127	-	127
As at 30 June 2016	17,632	793,572	19,980	68,924	(18,488)	(39,134)	(473,330)	369,156	50,927	420,083

The notes on pages 15 to 32 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Operating activities			
Loss before taxation, including discontinued operation		(8,236)	(19,576)
Adjustments for:			
Bank interest income		(5)	(1)
Other interest income		-	(4)
Depreciation of property, plant and equipment		46	135
Gain on disposal of property, plant and equipment		-	(51)
Write down of inventories		-	216
Reversal of accrual for withholding tax		-	(3,157)
Impairment loss on an available-for-sale investment		83	-
Finance cost	8	3,120	-
Operating cash flow before movements in working capital		(4,992)	(22,438)
Increase in trade receivables		(56,972)	(62)
Increase in inventories		-	(62)
(Increase)/decrease in deposits, prepayments and other receivables		(93,176)	755
Increase in trade and other payables		15	21,281
Net cash used in operating activities		(155,125)	(526)
Investing activities			
Purchase of property, plant and equipment	14	-	(1,037)
Payment for addition of investment properties	16	(15)	-
Settlement of consideration payables for acquisition of investment properties		(96,882)	-
Payment for acquisition of available-for-sale investment		(100,000)	-
Proceeds from disposal of property, plant and equipment		-	238
Bank interest received		5	1
Proceeds from disposal of subsidiaries	23	-	4,095
Net cash (used in)/generated from investing activities		(196,892)	3,297
Financing activities			
Proceeds from exercise of warrants	22(b)	127	9,988
Proceeds from exercise of share options	22(a)	-	2,886
Proceed from bank borrowing		107,557	-
Interest paid		(3,120)	-
Cash outflow from distribution in specie	12	-	(112)
Net cash generated from financing activities		104,564	12,762

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net (decrease)/increase in bank balances and cash	(247,453)	15,533
Bank balances and cash at beginning of the period including disposal group	310,736	29,166
Effect of foreign exchange rate changes, net	(1,601)	902
Bank balances and cash at end of the period	61,682	45,601

The notes on pages 15 to 32 form an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

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 shares of the Company are listed on the Stock Exchange.

The Group is principally engaged in investment holding, property investment, natural resources and energy and information technology related businesses. As at 30 June 2016, the Board considers that Able Victory Enterprises Limited and Epic Wise International Limited, each a company incorporated in the British Virgin Islands, as the immediate and ultimate holding company of the Company, respectively, and Mr. Suen Cho Hung, Paul, an Executive Director and the Chairman of the Board, as the ultimate controlling party of the Company.

Significant event

In January 2016, the Group expanded its investment holding segment by subscribing the investment fund. Details of the segment are set out in the paragraph of “Investment Holding” under “Management Discussion and Outlook”.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2016 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 Listing Rules. The condensed consolidated interim financial information has been prepared under the historical cost convention, except for investment properties and an available-for-sale investment which are measured at fair values. The condensed consolidated interim financial information are presented in thousands of Hong Kong dollars (HK\$'000), unless otherwise stated.

3 PRINCIPAL ACCOUNTING POLICIES

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

Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) effective for the financial year ending 31 December 2016 do not have a material impact on the Group.

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

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

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

Notes to the Condensed Consolidated Interim Financial Information

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: currency risk, interest rate risk, other price risk, credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2015. There have been no significant changes in the risk management policies since the year end.

5.2 Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets that are measured at fair value at 30 June 2016 and 31 December 2015:

Asset	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 June 2016 (Unaudited)				
Available-for-sale investment	207	–	–	207
As at 31 December 2015 (Audited)				
Available-for-sale investment	290	–	–	290

There were no transfers of financial assets between Level 1, Level 2 and Level 3 fair value hierarchy classification for the six months ended 30 June 2016 and 2015.

Notes to the Condensed Consolidated Interim Financial Information

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimation (Continued)

The following table presents the changes in level 3 instruments for the six months ended 30 June 2016 and 2015:

	For the six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Opening balance at 1 January	-	630
Fair value gain recognised in profit or loss	-	-
Disposal of subsidiaries	-	(630)
Closing balance at 30 June	-	-
Total gain for the period included in profit or loss for assets held at the end of the reporting period	-	-
Total unrealised gain for the period included in profit or loss at the end of the reporting period	-	-

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investment classified as available-for-sale investment denominated in Canadian dollar.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, the financial instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the financial instrument is included in level 3.

5.4 Fair value of financial assets and liabilities measured at amortised cost

The fair values of the club memberships, trade and other receivables, bank balances and cash, and trade and other payables, consideration payables for acquisition of investment properties and bank borrowing as at 30 June 2016 and 31 December 2015 approximate to their carrying amounts.

Notes to the Condensed Consolidated Interim Financial Information

6 SEGMENT INFORMATION

In a manner consistent with the way in which information is reported internally to the Chief Executive Officer of the Company (the “CEO”), the Group has presented the following reportable segments:

- (i) Natural resources and energy related business
- (ii) Information technology and related business
- (iii) Property investment
- (iv) Investment holding
- (v) Exploration, development and production of coalbed methane and natural gas in China (discontinued operation)

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

- (a) Segment assets include all tangible and intangible assets and current assets with the exception of club memberships and other unallocated corporate assets.
- (b) Segment liabilities include all liabilities except for bank borrowing and other unallocated corporate liabilities.
- (c) Segment results are allocated to reportable segments with reference to sales generated and expenses incurred by those segments, together with other gains, net, selling and distribution expenses and administrative and operating expenses.

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

Notes to the Condensed Consolidated Interim Financial Information

6 SEGMENT INFORMATION (Continued)

	Continuing operations				Discontinued operation	
	Natural resources and energy related business HK\$'000 (Unaudited)	Information technology and related business HK\$'000 (Unaudited)	Property Investment HK\$'000 (Unaudited)	Subtotal HK\$'000 (Unaudited)	Gas exploration in China HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Six months ended 30 June 2015						
Segment revenue	174	10	–	184	–	184
Gross profit	133	9	–	142	–	142
Other gains, net	62	32	–	94	5	99
Selling and distribution expenses	(64)	–	–	(64)	–	(64)
Administrative and operating expenses	(1,895)	(627)	–	(2,522)	(1)	(2,523)
Segment results	(1,764)	(586)	–	(2,350)	4	(2,346)
Unallocated:						
Other gains, net						3,211
Administrative and operating expenses						(20,441)
Loss before taxation						(19,576)
Income tax						–
Loss for the period						(19,576)
As at 31 December 2015						
Segment assets	283,700	–	96,882	380,582	–	380,582
Unallocated assets						156,319
Total assets						536,901
Segment liabilities	11,697	–	97,227	108,924	–	108,924
Unallocated liabilities						1,806
Total liabilities						110,730
For the six months ended 30 June 2015						
Capital expenditures	–	–	–	–	–	1,037
						1,037

Notes to the Condensed Consolidated Interim Financial Information

6 SEGMENT INFORMATION *(Continued)*

The Group's non-current assets other than available-for-sale investments as at 30 June 2016 and 31 December 2015 are further analysed as follows:

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Hong Kong (place of domicile)	655	660
PRC	94,897	96,882
Indonesia	81,768	78,260
	177,320	175,802

7 REVENUE

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

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

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

8 FINANCE COST

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

Notes to the Condensed Consolidated Interim Financial Information

9 LOSS BEFORE TAXATION

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

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

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

10 INCOME TAX

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

No Hong Kong profits tax has been provided as the Group did not have any assessable profits in Hong Kong for the full financial year based on management's estimates (30 June 2015: nil).

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

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

Notes to the Condensed Consolidated Interim Financial Information

11 DISCONTINUED OPERATION

On 24 November 2014, the Board announced a proposed distribution in specie to distribute all of its equity interests of Aces Diamond International Ltd. (“Aces Diamond”) and Chavis International Ltd. (“Chavis”), former subsidiaries of the Company which collectively held 71.61% equity interest in TerraWest Energy Corporation (“TWE”), to its shareholders upon the approval by the shareholders and the completion of a restructuring plan. The distribution in specie was approved by the shareholders of the Company on 28 January 2015 and was completed on 18 February 2015 (Note 12). Its results are presented as a discontinued operation in the condensed consolidated interim financial information.

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

Notes to the Condensed Consolidated Interim Financial Information

12 DIVIDENDS AND DISTRIBUTION IN SPECIE

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

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

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

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

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

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

Notes to the Condensed Consolidated Interim Financial Information

13 LOSS PER SHARE

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

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

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

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

14 PROPERTY, PLANT AND EQUIPMENT

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

Notes to the Condensed Consolidated Interim Financial Information

15 EXPLORATION AND EVALUATION ASSETS

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

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

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

16 INVESTMENT PROPERTIES

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

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

As at 30 June 2016, the Group's investment properties with carrying amount of HK\$94,897,000 (31 December 2015: nil) were pledged to secure certain interest-bearing bank borrowing and undrawn bank facilities granted to the Group (Note 21).

17 AVAILABLE-FOR-SALE INVESTMENTS

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

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

Notes to the Condensed Consolidated Interim Financial Information

18 TRADE RECEIVABLES

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

The Group's trading terms with its customers are mainly on credit for which the credit period is generally for a period of 30 to 60 days.

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

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

Notes to the Condensed Consolidated Interim Financial Information

19 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

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

20 TRADE AND OTHER PAYABLES

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

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

Notes to the Condensed Consolidated Interim Financial Information

20 TRADE AND OTHER PAYABLES (Continued)

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

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

21 BANK BORROWING

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

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

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

Notes to the Condensed Consolidated Interim Financial Information

22 SHARE CAPITAL

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

Notes:

- (a) During the six months ended 30 June 2015, the Company issued approximately 24,647,000 shares of the Company of HK\$0.0025 each for proceeds of approximately HK\$2,886,000, as a result of exercise of share options. The weighted average exercise price was approximately HK\$0.12 per share. The proceeds from the exercise of share options were approximately HK\$2,886,000. Amounts of approximately HK\$61,000 and approximately HK\$4,842,000 were credited to the share capital account and the share premium account, respectively. No share options were exercised during the six months ended 30 June 2016.
- (b) During the six months ended 30 June 2016, approximately 605,000 shares (30 June 2015: 47,568,000 shares) of the Company were issued as a result of exercise of approximately 605,000 units of warrants (30 June 2015: 47,568,000 units of warrants) by warrant holders. The proceeds from the exercise of the warrants were approximately HK\$127,000 (30 June 2015: HK\$9,988,000). Amounts of approximately HK\$2,000 (30 June 2015: HK\$119,000) and approximately HK\$142,000 (30 June 2015: HK\$11,200,000) were credited to the share capital account and the share premium account, respectively.

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

Notes to the Condensed Consolidated Interim Financial Information

23 DISPOSAL OF SUBSIDIARIES

During March and April 2015, the Group disposed of the entire issued share capital of (i) STCC Limited; (ii) Sun Ray (China) Limited; (iii) Dragon Bounty Company Limited; and (iv) Sys Solutions Limited, all were wholly owned subsidiaries of the Company which major assets comprised of several motor vehicles, a club membership, a convertible debenture and balances at bank, to Sun Ray Capital Investment Corporation, which is beneficially owned by Mr. Chan Wing Him Kenny, the former chairman and chief executive officer of the Company, at an aggregate consideration of approximately HK\$2,984,000. There was no gain or loss on disposal of these subsidiaries. These transactions constitute related party transactions of the Group (Note 24).

In addition, on 26 March 2015, the Group disposed of the entire issued share capital of Basic Corporation Limited, a wholly owned subsidiary of the Company which major assets comprised of two club memberships, to Mr. Chan Wan Tsun Adrian Alan, the former chief financial officer of the Company, at a consideration of approximately HK\$2,249,000. There was no gain or loss on disposal of this subsidiary. This transaction constitutes a related party transaction of the Group (Note 24).

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

	HK\$'000 (Audited)
Property, plant and equipment	1,037
Club memberships	2,370
Deposits	278
Trade receivables	83
Deposits, prepayments and other receivables	64
Financial asset at fair value through profit or loss	630
Bank balances and cash	1,138
Other payables	(367)
	5,233
Gain on disposal of subsidiaries	–
Net proceeds received from disposal of subsidiaries	5,233
Satisfied by:	
Cash consideration	5,233
Net cash inflow from disposal of subsidiaries:	
Cash consideration received	5,233
Cash and cash equivalents disposed of	(1,138)
	4,095

Notes to the Condensed Consolidated Interim Financial Information

24 RELATED PARTY TRANSACTIONS

(a) Key management personnel compensation

Key management compensation, including accrued bonuses, amounted to approximately HK\$1,666,000 for the six months ended 30 June 2016 (30 June 2015: HK\$12,606,000).

(b) Disposal of subsidiaries

During the six months ended 30 June 2015, the Group disposed of certain subsidiaries to its former chairman and chief executive officer and former chief financial officer of the Company at an aggregate consideration of approximately HK\$5,233,000 (Note 23).

25 CAPITAL COMMITMENTS

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Other commitments contracted for but not provided in condensed consolidated interim financial information		
— Investment properties	102,304	102,304

26 EVENTS AFTER THE END OF THE REPORTING PERIOD

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

27 APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information has been approved and authorised for issue by the Board on 26 August 2016.

Other Information

INTERIM DIVIDEND

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2016, the interests and short positions of the directors and chief executive of the Company, if any, in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

Long positions of directors in the shares and underlying shares of the Company

Name of director	Capacity and nature of interest	Number of shares held	Number of underlying shares held	Total	Approximate % of shareholding
Mr. Suen Cho Hung, Paul ("Mr. Suen")	Interest of controlled corporation	2,207,485,423 (Note 1)	–	2,207,485,423	31.30%
Mr. David Tsoi ("Mr. Tsoi")	Beneficial owner	496,622	1,631,757 (Note 2)	2,128,379	0.03%

Notes:

- These interests were held by Able Victory Enterprises Limited ("Able Victory"), which was a wholly owned subsidiary of Epic Wise International Limited ("Epic Wise") which in turn was wholly owned by Mr. Suen. Mr. Suen was the sole director of Able Victory and Epic Wise. Accordingly, Mr. Suen and Epic Wise were deemed to be interested in 2,207,485,423 shares of the Company under the SFO.
- These represented the interests of Mr. Tsoi in 1,631,757 units of share options which carry the rights to subscribe 1,631,757 shares of the Company upon exercise in full of share options granted to him under the 2003 Share Option Scheme (hereinafter defined) and the 2011 Share Option Scheme (hereinafter defined).

Save as disclosed above, as at 30 June 2016, none of the directors and chief executive of the Company had registered an interest or short position in the shares, underlying shares and debentures of the Company, or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

SHARE OPTION SCHEMES

The purpose of each of the 2003 Share Option Scheme (hereinafter defined) and the 2011 Share Option Scheme (hereinafter defined) is to enable the Group to recognise the contribution of the participants to the Group and to motivate the participants to continuously work to the benefit of the Group by offering the participants an opportunity to have personal interest in the share capital of the Company.

(1) Share option scheme adopted by the Company on 25 January 2003 (“2003 Share Option Scheme”)

On 25 January 2003, the 2003 Share Option Scheme was approved pursuant to written resolutions of the Company. Details of movement of the options granted under the 2003 Share Option Scheme for the six months ended 30 June 2016 were as follows:

Movement in the 2003 Share Option Scheme

Name or category of participants	Date of grant	Exercise period	Exercise price per share (HK\$)	As at 1 January 2016	Granted during the Review Period	Lapsed during the Review Period	Cancelled during the Review Period	Exercised during the Review Period	As at 30 June 2016
Director									
Mr. Tsoi	15/06/2009	15/06/2011 to 15/06/2019	0.5145	1,064,189 ⁽¹⁾	-	-	-	-	1,064,189
	09/07/2010	09/07/2012 to 08/07/2020	0.3947	354,730 ⁽²⁾	-	-	-	-	354,730
				1,418,919	-	-	-	-	1,418,919
Other employees									
In aggregate	04/02/2010	04/02/2012 to 04/02/2020	0.3622	2,837,838 ⁽¹⁾	-	-	-	-	2,837,838
	09/07/2010	09/07/2012 to 08/07/2020	0.3947	2,837,838 ⁽²⁾	-	-	-	-	2,837,838
				5,675,676	-	-	-	-	5,675,676
Others									
In aggregate	15/06/2009	15/06/2011 to 15/06/2019	0.5145	28,378,379 ⁽¹⁾	-	-	-	-	28,378,379
	06/10/2009	06/10/2011 to 06/10/2019	0.5286	496,622 ⁽¹⁾	-	-	-	-	496,622
	04/02/2010	04/02/2012 to 04/02/2020	0.3622	71,300,676 ⁽¹⁾	-	-	-	-	71,300,676
	09/07/2010	09/07/2012 to 08/07/2020	0.3947	87,760,135 ⁽²⁾	-	-	-	-	87,760,135
				187,935,812	-	-	-	-	187,935,812
				Total: 195,030,407 ⁽³⁾	-	-	-	-	195,030,407 ⁽³⁾

Other Information

SHARE OPTION SCHEMES (Continued)

(1) Share option scheme adopted by the Company on 25 January 2003 (“2003 Share Option Scheme”) (Continued)

Movement in the 2003 Share Option Scheme (Continued)

Notes:

- (1) 50% of the share options are exercisable in a period commencing two (2) years from the date of grant and expiring on the tenth anniversary from the date of grant. The balance of 50% of the share options are exercisable in a period commencing three (3) years from the date of grant and expiring on the tenth anniversary from the date of grant.
- (2) 50% of the share options are exercisable in a period commencing two (2) years from the date of grant and expiring on the day falling one day preceding the tenth anniversary from the date of grant. The balance of 50% of the share options are exercisable in a period commencing three (3) years from the date of grant and expiring on the day falling one day preceding the tenth anniversary from the date of grant.
- (3) As at 30 June 2016, the Company had 195,030,407 (31 December 2015: 195,030,407) share options outstanding under the 2003 Share Option Scheme, which represented approximately 2.77% (31 December 2015: approximately 2.77%) of the Company’s shares in issue on that date.
- (4) No share options were granted, exercised or cancelled during the six months ended 30 June 2016.

(2) Share option scheme adopted by the Company on 12 May 2011 (“2011 Share Option Scheme”)

The Company adopted the 2011 Share Option Scheme which was approved by shareholders in the Company’s annual general meeting held on 12 May 2011. Details of movement of the options granted under the 2011 Share Option Scheme for the six months ended 30 June 2016 were as follows:

Movement in the 2011 Share Option Scheme

Name or category of participants	Date of grant	Exercise period	Exercise price per share (HK\$)	As at 1 January 2016	Granted during the Review Period	Lapsed during the Review Period	Cancelled during the Review Period	Exercised during the Review Period	As at 30 June 2016
Director									
Mr. Tsoi	23/06/2011	23/06/2012 to 22/06/2021	0.3066	212,838 ⁽¹⁾	-	-	-	-	212,838
				212,838	-	-	-	-	212,838
Other employees									
In aggregate	23/06/2011	23/06/2012 to 22/06/2021	0.3066	4,966,216 ⁽¹⁾	-	-	-	-	4,966,216
				4,966,216	-	-	-	-	4,966,216
Others									
In aggregate	23/06/2011	23/06/2012 to 22/06/2021	0.3066	64,347,974 ⁽¹⁾	-	-	-	-	64,347,974
	31/12/2012	31/12/2013 to 30/12/2022	0.1149	1,064,189 ⁽¹⁾	-	-	-	-	1,064,189
				65,412,163	-	-	-	-	65,412,163
				Total: 70,591,217 ⁽²⁾	-	-	-	-	70,591,217 ⁽²⁾

Notes:

- (1) 50% of the share options are exercisable in a period commencing one (1) year from the date of grant and expiring on the day falling one day preceding the tenth anniversary from the date of grant. The balance of 50% of the share options are exercisable in a period commencing two (2) years from the date of grant and expiring on the day falling one day preceding the tenth anniversary from the date of grant.
- (2) As at 30 June 2016, the Company had 70,591,217 (31 December 2015: 70,591,217) share options outstanding under the 2011 Share Option Scheme, which represented approximately 1% (31 December 2015: 1%) of the Company’s shares in issue on that date.
- (3) No share options were granted, exercised or cancelled during the six months ended 30 June 2016.

Other Information

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Share Option Schemes" and "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the six months ended 30 June 2016 was the Company or any of its subsidiaries a party to any arrangements to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors or their respective spouses or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the Review Period.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2016, the following interests of more than 5% of the issued shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares or underlying shares of the Company

Name of shareholders	Capacity and nature of interest	Number of shares or underlying shares held	Approximate % of shareholding
Mr. Suen	Interest of controlled corporation	2,207,485,423 (Note 1)	31.30%
Epic Wise	Interest of controlled corporation	2,207,485,423 (Note 1)	31.30%
Able Victory	Beneficial owner	2,207,485,423 (Note 1)	31.30%
Mr. Li, Stephen Hing Yue ("Mr. Stephen Li")	Interest of controlled corporation	452,400,000 (Note 2)	6.42%
Cool Legend Limited ("Cool Legend")	Beneficial owner	452,400,000 (Note 2)	6.42%
Dalian Taiyuan Real Estate Development Co., Ltd ("Dalian Taiyuan")	Beneficial owner	487,161,789 (Note 3)	6.91%
Hua Jun Property (Dalian) Co Limited ("Hua Jun Property")	Interest of controlled corporation	487,161,789 (Note 3)	6.91%
Hua Jun Holding Group Co. Limited ("Hua Jun Holding")	Interest of controlled corporation	487,161,789 (Note 3)	6.91%
Mr. Meng Guangbao ("Mr. Meng")	Interest of controlled corporation	487,161,789 (Note 3)	6.91%
Ms. Bao Le ("Ms. Bao")	Interest of controlled corporation	487,161,789 (Note 3)	6.91%

Other Information

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO (Continued)

Long positions in the shares or underlying shares of the Company (Continued)

Notes:

1. These interests were held by Able Victory, which was a wholly owned subsidiary of Epic Wise which in turn was wholly owned by Mr. Suen. Mr. Suen was the sole director of Able Victory and Epic Wise. Accordingly, Mr. Suen and Epic Wise were deemed to be interested in 2,207,485,423 shares of the Company under the SFO.
2. These interests were held by Cool Legend, which was wholly owned by Mr. Stephen Li. Accordingly, Mr. Stephen Li was deemed to be interested in 452,400,000 shares of the Company under the SFO.
3. The 487,161,789 shares that Dalian Taiyuan is interested in represent the consideration shares to be issued by the Company at the issue price of HK\$0.21 per share as the consideration for the acquisition set out in the Company's announcement dated 23 December 2015 and the Company's circular dated 17 February 2016. Dalian Taiyuan is a wholly owned subsidiary of Hua Jun Property which in turn is wholly owned by Hua Jun Holding. Mr. Meng and Ms. Bao (spouse of Mr. Meng) beneficially own the entire issued share capital of Hua Jun Holding. Accordingly, Hua Jun Property, Hua Jun Holding, Mr. Meng and Ms. Bao were deemed to be interested in 487,161,789 underlying shares of the Company under the SFO.

The interests of Mr. Suen, Epic Wise and Able Victory in 2,207,485,423 shares of the Company referred to above related to the same parcel of shares.

The interests of Mr. Stephen Li and Cool Legend in 452,400,000 shares of the Company referred to above related to the same parcel of shares.

The interests of Mr. Meng, Ms. Bao, Hua Jun Holding, Hua Jun Property and Dalian Taiyuan in 487,161,789 underlying shares of the Company referred to above related to the same parcel of underlying shares.

Save as disclosed above, as at 30 June 2016, the Company had not been notified of any other relevant interests or short positions in the shares or underlying shares of the Company as required to be recorded pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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. Specific enquiries have been made with the Directors and they have confirmed their compliance with the Own Code during the Review Period.

Other Information

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 has been duly approved by the Board under the recommendation of the Audit Committee.

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

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

By Order of the Board

Enviro Energy International Holdings Limited

Zhang Yuanqing

Chief Executive Officer

Hong Kong, 26 August 2016