



**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 Report  
**2017**

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## Abbreviations

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

“Articles of Association”	articles of association of the Company
“Board”	Board of Directors of the Company
“Company”	Enviro Energy International Holdings Limited
“Companies Ordinance”	chapter 622 of the Laws of Hong Kong
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	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. Li Sen  
(*Chairman*) (appointed on 15 September 2017)  
Mr. Zhang Yuanqing  
(*Co-chief Executive Officer*)  
Mr. Pu Wei  
(*Co-chief Executive Officer*)  
Mr. Wei Junqing  
(appointed on 15 September 2017)  
Mr. Suen Cho Hung, Paul  
(*Chairman*) (resigned on 15 September 2017)  
Mr. Lai Ming Wai  
(resigned on 15 September 2017)

### Independent Non-executive Directors

Mr. Wen Guangwei  
Mr. Chiang Bun  
Ms. Leung Pik Har, Christine

### AUDIT COMMITTEE

Mr. Wen Guangwei (*Chairman*)  
Mr. Chiang Bun  
Ms. Leung Pik Har, Christine

### REMUNERATION COMMITTEE

Mr. Chiang Bun (*Chairman*)  
Mr. Wen Guangwei  
Ms. Leung Pik Har, Christine

### NOMINATION COMMITTEE

Ms. Leung Pik Har, Christine (*Chairlady*)  
Mr. Wen Guangwei  
Mr. Chiang Bun  
Mr. Zhang Yuanqing

### COMPANY SECRETARY

Mr. Cheng Sik Kong  
(appointed on 15 September 2017)  
Ms. Chan Yuk Yee  
(resigned on 15 September 2017)

### TRADING OF SHARES

Hong Kong Stock Exchange  
(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

Room 1102, 11th Floor  
Tower 1, China Hong Kong City  
Tsimshatsui  
Kowloon, Hong Kong

## PRINCIPAL BANKERS

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

## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company  
(Cayman) Limited  
3rd Floor, Royal Bank House  
24 Shedden Road  
George Town  
Grand Cayman KY1-1110  
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 26 September 2017, the latest practicable date before printing of this interim report.

# Management Discussion and Outlook

## BUSINESS REVIEW

During the six months ended 30 June 2017 (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 recorded a gross profit amounted to HK\$137,000 (30 June 2016: HK\$2,968,000) 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, 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 a granite mine (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 report, 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.

# Management Discussion and Outlook

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 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. 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 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.

The Group held approximately 1,282 shares in the Fund, representing approximately 23.32% of its entire issued shares as at 30 June 2017. The carrying amount of the investment in the Fund represented approximately 13.4% of the Group's total assets as at 30 June 2017. The management is of the view that the investment in the Fund would generate stable investment income for the Group. During the Review Period, there is no investment income from the Fund (30 June 2016: nil).

On 7 April 2017, the Group subscribed for a bond issued by Huajun Holdings Limited (stock code: 377) ("Huajun") at a consideration of HK\$30,000,000. The principal activities of Huajun include Printing, Trading and Logistics, Property Development and Investments, Solar Photovoltaic and Financial Services. The carrying amount of this held-to-maturity investment represented approximately 4.0% of the Group's total assets as at 30 June 2017. 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).

# Management Discussion and Outlook

## 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 report, 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.

# Management Discussion and Outlook

## 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).

## EMPLOYEES INFORMATION

As at 30 June 2017, the Group had 21 full-time employees (30 June 2016: 18) 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.



# Condensed Consolidated Income Statement

For the six months ended 30 June 2017

		Six months ended 30 June	
	Notes	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
<b>Revenue</b>	7	<b>6,007</b>	120,471
Cost of sales		(4,560)	(117,294)
<b>Gross profit</b>		<b>1,447</b>	3,177
Other gains, net		1	818
Selling and distribution expenses		-	(83)
Administrative and operating expenses		(11,527)	(9,033)
<b>Operating loss</b>		<b>(10,079)</b>	(5,121)
Finance income		-	5
Finance cost	8	(7,044)	(3,120)
<b>Loss before taxation</b>	9	<b>(17,123)</b>	(8,236)
Income tax	10	-	-
<b>Loss for the period</b>		<b>(17,123)</b>	(8,236)
<b>Attributable to:</b>			
Owners of the Company		(17,123)	(8,171)
Non-controlling interests		-	(65)
		(17,123)	(8,236)
<b>Loss per share attributable to owners of the Company</b> (expressed in HK cent per share)	12		
Basic and diluted		(0.23)	(0.12)
Dividends	11	-	-

The notes on pages 15 to 29 form an integral part of this condensed consolidated interim financial information.

# 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)
<b>Loss for the period</b>	<b>(17,123)</b>	(8,236)
<b>Other comprehensive income</b>		
<i>Item that may be reclassified to profit or loss:</i>		
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
<b>Total comprehensive loss for the period</b>	<b>(13,595)</b>	(6,215)
<b>Attributable to:</b>		
Owners of the Company	(13,595)	(8,423)
Non-controlling interests	-	2,208
<b>Total comprehensive loss for the period</b>	<b>(13,595)</b>	(6,215)

The notes on pages 15 to 29 form an integral part of this condensed consolidated interim financial information.

# 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)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		48	45
Investment properties	13	421,698	358,279
Prepayment for investment property	17	-	25,022
Available-for-sale investments	14	100,200	100,200
Club memberships		330	330
		<b>522,276</b>	<b>483,876</b>
<b>Current assets</b>			
Trade receivables	15	-	41,106
Held-to-maturity investment	16	30,000	-
Deposits, prepayments and other receivables	17	173,682	95,560
Loan receivable	18	13,632	-
Bank balances and cash		6,051	20,609
		<b>223,365</b>	<b>157,275</b>
<b>Total assets</b>		<b>745,641</b>	<b>641,151</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital		18,850	18,850
Reserves		401,697	415,292
		<b>420,547</b>	<b>434,142</b>
Non-controlling interests		(2,789)	(2,789)
<b>Total equity</b>		<b>417,758</b>	<b>431,353</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	19	20,497	28,914
Receipt in advance		33,610	-
Bank borrowings	20	273,776	180,884
<b>Total liabilities</b>		<b>327,883</b>	<b>209,798</b>
<b>Total equity and liabilities</b>		<b>745,641</b>	<b>641,151</b>

The notes on pages 15 to 29 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 2017

	Attributable to owners of the Company							Sub-total HK\$'000 (Unaudited)	Non- controlling interests HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Capital reserve HK\$'000 (Unaudited)	Share options reserve HK\$'000 (Unaudited)	Translation reserve HK\$'000 (Unaudited)	Other reserve HK\$'000 (Unaudited)	Accumulated losses HK\$'000 (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	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

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	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 2017	18,850	900,455	19,980	68,924	(26,277)	(47,782)	(500,008)	434,142	(2,789)	431,353
<b>Comprehensive loss</b>										
Loss for the period	-	-	-	-	-	-	(17,123)	(17,123)	-	(17,123)
<b>Other comprehensive income</b>										
Exchange differences arising on translation of foreign operations	-	-	-	-	3,528	-	-	3,528	-	3,528
<b>Total comprehensive (loss)/income for the period</b>	-	-	-	-	3,528	-	(17,123)	(13,595)	-	(13,595)
As at 30 June 2017	18,850	900,455	19,980	68,924	(22,749)	(47,782)	(517,131)	420,547	(2,789)	417,758

The notes on pages 15 to 29 form an integral part of this condensed consolidated interim financial information.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
<b>Operating activities</b>			
Loss before taxation		(17,123)	(8,236)
<b>Adjustments for:</b>			
Bank interest income		-	(5)
Depreciation of property, plant and equipment		11	46
Impairment loss on an available-for-sale investment		-	83
Finance cost	8	7,044	3,120
Operating cash flow before movements in working capital		(10,068)	(4,992)
Decrease/(increase) in trade receivables		41,114	(56,972)
Increase in deposits, prepayments and other receivables		(90,842)	(93,176)
Increase in receipt in advance		33,610	-
(Decrease)/increase in trade and other payables		(9,876)	15
Net cash used in operating activities		(36,062)	(155,125)
<b>Investing activities</b>			
Purchase of property, plant and equipment		(14)	-
Payment for addition of investment properties	13	(2,595)	(15)
Consideration paid for acquisition of subsidiary		(27,773)	-
Settlement of consideration payables for acquisition of investment properties		-	(96,882)
Payment for acquisition of available-for-sale investment		-	(100,000)
Payment for acquisition of held-to-maturity investment		(30,000)	-
Bank interest received		-	5
Net cash used in investing activities		(60,382)	(196,892)
<b>Financing activities</b>			
Proceeds from exercise of warrants		-	127
Proceed from bank borrowing		88,954	107,557
Interest paid		(7,044)	(3,120)
Net cash generated from financing activities		81,910	104,564

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net decrease in bank balances and cash	(14,534)	(247,453)
Bank balances and cash at beginning of the period including disposal group	20,609	310,736
Effect of foreign exchange rate changes, net	(24)	(1,601)
Bank balances and cash at end of the period	6,051	61,682

The notes on pages 15 to 29 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 and properties investment, natural resources and energy and information technology related businesses.

As at 30 June 2017, 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 events

- (a) On 12 January 2017, the Group acquired 100% equity interest of Yingkou Haida Property Service Company Limited (literal translation of the Chinese name) (“Yingkou Haida”) which own certain properties situated in Yingkou City, Liaoning Province, the PRC at a consideration of RMB24,650,000.
- (b) On 7 April 2017, the Group subscribed for a bond issued by Huajun Holdings Limited (“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.

## 2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for 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 Listing Rules. 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.



# Notes to the Condensed Consolidated Interim Financial Information

## 2. BASIS OF PREPARATION (Continued)

In view of these circumstances, the Directors 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 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 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 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 consider that it is appropriate to prepare the Group's condensed consolidated interim financial information on a going concern basis.

# Notes to the Condensed Consolidated Interim Financial Information

## 3. 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.

## 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 2016.

## 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 2016. 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.

# Notes to the Condensed Consolidated Interim Financial Information

## 5. FINANCIAL RISK MANAGEMENT (Continued)

### 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 2017 and 31 December 2016:

Asset	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>As at 30 June 2017 (Unaudited)</b>				
Available-for-sale investments	200	-	100,000	100,200
<b>As at 31 December 2016 (Audited)</b>				
Available-for-sale investments	200	-	100,000	100,200

There were no transfers of financial assets between Level 1, Level 2 and Level 3 fair value hierarchy classification and no changes in Level 3 instruments for the six months ended 30 June 2017 and 2016.

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 a listed equity securities classified as available-for-sale investment denominated in Canadian dollar.

# Notes to the Condensed Consolidated Interim Financial Information

## 5. FINANCIAL RISK MANAGEMENT *(Continued)*

### 5.3 Fair value estimation *(Continued)*

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. Instrument included in Level 3 comprise an unlisted equity securities classified as available-for-sale investment denominated in US\$.

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

The fair values of the club memberships, trade and other receivables, held-to-maturity investment bank balances and cash, and trade and other payables and bank borrowing as at 30 June 2017 and 31 December 2016 approximate to their carrying amounts.

## 6. 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.

## Notes to the Condensed Consolidated Interim Financial Information

### 6. SEGMENT INFORMATION (Continued)

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)
<b>Six months ended 30 June 2017</b>					
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)
<b>Segment results</b>	<b>135</b>	<b>(6)</b>	<b>(1,616)</b>	<b>300</b>	<b>(1,187)</b>
Unallocated: Administrative and operating expenses					(8,892)
Operating loss					(10,079)
Finance cost					(7,044)
Loss before taxation					(17,123)
Income tax					-
<b>Loss for the period</b>					<b>(17,123)</b>
<b>As at 30 June 2017</b>					
Segment assets	84,871	-	514,555	130,200	729,626
Unallocated assets					16,015
<b>Total assets</b>					<b>745,641</b>
Segment liabilities	41,701	-	10,005	-	51,706
Unallocated liabilities					276,177
<b>Total liabilities</b>					<b>327,883</b>

	Natural resources and energy related business HK\$'000	Information technology and related business HK\$'000	Properties investment HK\$'000	Investment holding HK\$'000	Consolidated HK\$'000
<b>For the six months ended 30 June 2017</b>					
Capital expenditures (including additions of investment properties and property, plant and equipment)	-	-	31,741	-	31,741

# Notes to the Condensed Consolidated Interim Financial Information

## 6. SEGMENT INFORMATION (Continued)

	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)
<b>Six months ended 30 June 2016</b>					
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 Administrative and operating expenses					(85) (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)
<b>As at 31 December 2016</b>					
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
<b>For the six months ended 30 June 2016</b>					
Capital expenditures (including additions of investment properties and property, plant and equipment)	-	-	15	-	15

# 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 2017 and 31 December 2016 are further analysed as follows:

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Hong Kong (place of domicile)	330	330
PRC	421,724	383,324
Indonesia	22	22
	<b>422,076</b>	<b>383,676</b>

## 7. 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 HK\$'000 (Unaudited)	2016 HK\$'000 (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	-
	<b>6,007</b>	<b>120,471</b>

## 8. FINANCE COST

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

	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

## 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 (six months ended 30 June 2016: nil).

Enterprise Income Tax has not been provided for the subsidiaries in 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).

## 11. 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).



# Notes to the Condensed Consolidated Interim Financial Information

## 12. 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 (Unaudited)	2016 (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).

## 13. 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
	<b>421,698</b>	<b>358,279</b>

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.

# Notes to the Condensed Consolidated Interim Financial Information

## 13. INVESTMENT PROPERTIES (Continued)

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 at a consideration of RMB24,650,000 (equivalent to approximately HK\$27,773,000). 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 (Note 20).

## 14. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Unlisted equity securities, at fair value (note)	100,000	100,000
Listed equity securities, at fair value	200	200
	<b>100,200</b>	<b>100,200</b>

Note: The balance represents an unlisted investment related to the subscription of Class A Shares of 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.

## 15. TRADE RECEIVABLES

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (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.

# Notes to the Condensed Consolidated Interim Financial Information

## 15. TRADE RECEIVABLES (Continued)

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

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (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

## 16. HELD-TO-MATURITY INVESTMENT

On 7 April 2017, the Group subscribed for a bond issued by 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).

## 17. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
<b>Non-current</b>		
Prepayment for investment property (note (i))	-	25,022
<b>Current</b>		
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
<b>Total deposits, prepayments and other receivables</b>	<b>173,682</b>	<b>120,582</b>

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.

# Notes to the Condensed Consolidated Interim Financial Information

## 18. 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.

## 19. TRADE AND OTHER PAYABLES

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (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
	<b>20,497</b>	<b>28,914</b>

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 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Within 30 days	-	231
Over 180 days	231	-
	<b>231</b>	<b>231</b>

# Notes to the Condensed Consolidated Interim Financial Information

## 20. 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)
<b>Current</b>		
Bank borrowings – secured	273,776	180,884

On 28 January 2016, Huan Neng International Trading (Yingkou) Company Limited (literal translation of the Chinese name) (“HNYK”) 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 Company 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 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 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.

## 21. ACQUISITION OF A SUBSIDIARY

On 12 January 2017, the Group acquired 100% equity interest of Yingkou Haida which own certain properties situated in Yingkou City, Liaoning Province, the PRC at a consideration of RMB24,650,000 (equivalent to approximately HK\$27,773,000). No material acquisition related costs were incurred in the acquisition. Before the acquisition by the Group, Yingkou Haida had no business activities except for holding of investment properties. Accordingly, the Directors are of the opinion that the acquisition of Yingkou Haida did not constitute a business combination but an acquisition of assets.

## 22. RELATED PART TRANSACTION

Key management compensation including accrued bonuses, amounted to approximately HK\$2,589,429 for the six months ended 30 June 2017 (30 June 2016: HK\$1,666,000).

# Notes to the Condensed Consolidated Interim Financial Information

## **23. EVENT AFTER THE END OF THE REPORTING 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 report, the acquisition is not yet completed. Further details of the transaction are stated in the Company's announcement dated 4 July 2017.

## **24. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The unaudited condensed consolidated interim financial statements have been approved and authorised for issue by the Board on 28 August 2017.

## Other Information

### INTERIM DIVIDEND

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

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

As at 30 June 2017, 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)	–	2,207,485,423	29.28%

Note:

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.

Save as disclosed above, as at 30 June 2017, 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.

## 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 2017 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 2017	Granted during the Review Period	Lapsed during the Review Period	Cancelled during the Review Period	Exercised during the Review Period	As at 30 June 2017
<b>Director</b>									
Mr. David Tsoi (“Mr. Tsoi”)	15/06/2009	15/06/2011 to 15/06/2019	0.5145	1,064,189 <sup>(1)</sup>	-	-	-	-	1,064,189
(retired on 15 June 2017)	09/07/2010	09/07/2012 to 08/07/2020	0.3947	354,730 <sup>(2)</sup>	-	-	-	-	354,730
				1,418,919	-	-	-	-	1,418,919
<b>Other employees</b>									
In aggregate	04/02/2010	04/02/2012 to 04/02/2020	0.3622	2,837,838 <sup>(1)</sup>	-	-	-	-	2,837,838
	09/07/2010	09/07/2012 to 08/07/2020	0.3947	2,837,838 <sup>(2)</sup>	-	-	-	-	2,837,838
				5,675,676	-	-	-	-	5,675,676
<b>Others</b>									
In aggregate	15/06/2009	15/06/2011 to 15/06/2019	0.5145	28,378,379 <sup>(1)</sup>	-	-	-	-	28,378,379
	06/10/2009	06/10/2011 to 06/10/2019	0.5286	496,622 <sup>(1)</sup>	-	-	-	-	496,622
	04/02/2010	04/02/2012 to 04/02/2020	0.3622	71,300,676 <sup>(1)</sup>	-	-	-	-	71,300,676
	09/07/2010	09/07/2012 to 08/07/2020	0.3947	87,760,135 <sup>(2)</sup>	-	-	-	-	87,760,135
				187,935,812	-	-	-	-	187,935,812
				Total: 195,030,407 <sup>(3)</sup>	-	-	-	-	195,030,407 <sup>(3)</sup>

#### 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 2017, the Company had 195,030,407 (31 December 2016: 195,030,407) share options outstanding under the 2003 Share Option Scheme, which represented approximately 2.59% (31 December 2016: approximately 2.59%) 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 2017.



## Other Information

### SHARE OPTION SCHEMES (Continued)

#### (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 2017 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 2017	Granted during the Review Period	Lapsed during the Review Period	Cancelled during the Review Period	Exercised during the Review Period	As at 30 June 2017
<b>Director</b>									
Mr. Tsoi (retired on 15 June 2017)	23/06/2011	23/06/2012 to 22/06/2021	0.3066	212,838 <sup>(1)</sup>	-	-	-	-	212,838
				212,838	-	-	-	-	212,838
<b>Other employees</b>									
In aggregate	23/06/2011	23/06/2012 to 22/06/2021	0.3066	4,966,216 <sup>(1)</sup>	-	-	-	-	4,966,216
				4,966,216	-	-	-	-	4,966,216
<b>Others</b>									
In aggregate	23/06/2011	23/06/2012 to 22/06/2021	0.3066	64,347,974 <sup>(1)</sup>	-	-	-	-	64,347,974
	31/12/2012	31/12/2013 to 30/12/2022	0.1149	1,064,189 <sup>(1)</sup>	-	-	-	-	1,064,189
				65,412,163	-	-	-	-	65,412,163
				<b>Total: 70,591,217<sup>(2)</sup></b>	-	-	-	-	<b>70,591,217<sup>(2)</sup></b>

#### 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 2017, the Company had 70,591,217 (31 December 2016: 70,591,217) share options outstanding under the 2011 Share Option Scheme, which represented approximately 0.94% (31 December 2016: 0.94%) 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 2017.

## Other Information

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" and "SHARE OPTION SCHEMES" above, at no time during the six months ended 30 June 2017 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 of the Company or their spouse 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 2017, the following interests of more than 5% of the total number of 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 shareholder	Capacity and nature of interest	Number of shares	Approximate % of shareholding
Mr. Suen	Interest of controlled corporation	2,207,485,423 (note 1)	29.28%
Epic Wise	Interest of controlled corporation	2,207,485,423 (note 1)	29.28%
Able Victory	Beneficial owner	2,207,485,423 (note 1)	29.28%
Li, Stephen Hing Yue ("Mr. Stephen Li")	Interest of controlled corporation	452,400,000 (note 2)	6.00%
Cool Legend Limited ("Cool Legend")	Beneficial owner	452,400,000 (note 2)	6.00%

#### 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.

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 the same parcel of shares.

Save as disclosed above, as at 30 June 2017, 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 pursuant to Section 336 of the SFO.

## Other Information

### CORPORATE GOVERNANCE

The Company had complied with all the applicable provisions of the Corporate Governance Code (the “CG 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.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry with the Directors, all of them confirmed that they have complied with the required standards set out in the Model Code during the Review Period.

### 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