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Enviro Energy International Holdings Limited

環能國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1102)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF THE TARGET PROPERTIES

THE AGREEMENT

The Board is pleased to announce that on 23 December 2015 (after trading hour), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Target Properties to the Purchaser or the Purchaser's nominee 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 Consideration Shares comprising 487,161,789 new Shares represent approximately 6.91% of the existing issued share capital of the Company as of the date of this announcement and approximately 6.46% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

The Company will seek approval for, among other things, the issuance of the Consideration Shares under the Specific Mandate from the Shareholders at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, no Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM.

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the issuance of the Consideration Shares under the Specific Mandate.

A circular containing, among other things, (i) further details of the Agreement and the transactions contemplated thereunder; (ii) details of the Specific Mandate; and (iii) the notice of the EGM together with the proxy form will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules which is expected to be on or before 29 January 2016 as additional time is required for the preparation of the relevant information for inclusion in the circular.

INTRODUCTION

The Board is pleased to announce that on 23 December 2015 (after trading hour), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Target Properties to the Purchaser or the Purchaser's nominee.

AGREEMENT

Set out below are the principal terms of the Agreement:

Date : 23 December 2015

Parties : (i) Fine Sources Limited (源尚有限公司), as the Purchaser; and
(ii) Dalian Taiyuan Real Estate Development Co., Ltd* (大連泰元房地產開發有限公司), as the Vendor

As at the date of this announcement, the Purchaser is an indirect wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

Target Properties to be acquired

The Target Properties to be acquired by the Purchaser's nominee are two floors of a building situated at Dalian city, Liaoning province in the PRC. As advised by the Vendor, the Target Properties comprise of the Fourth Floor and the Fifth Floor with a total floor area of approximately 2,842.54 square meters, of which the Fourth Floor has a total floor area of

1,406.27 square meters and the Fifth Floor has a total floor area of 1,436.27 square meters. The Target Properties are currently under development and as advised by the Vendor, are expected to be completed around the mid of the year 2016.

Consideration

The Consideration of the Acquisition is HK\$102,303,975.84.

On Completion Date, the Company will make the payment of the Consideration to the Vendor for the Target Properties in the following manner:

- (a) allotment and issuance of the Consideration Shares at the Issue Price of HK\$0.21 each; and
- (b) payment of HK\$0.15 in cash.

The Consideration Shares will be allotted and issued at the Issue Price of HK\$0.21 each, which represents:

- (a) a premium of approximately 16.67% over the closing price of HK\$0.180 per Share as quoted on the Stock Exchange on Last Trading Date; and
- (b) a premium of approximately 17.98% over the average closing price of HK\$0.178 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Date.

The Issue Price was determined after arm's length negotiation between the Purchaser and the Vendor. The Directors (including the independent non-executive Directors) consider that the Issue Price is fair and reasonable and on normal commercial terms.

The Consideration Shares represent approximately 6.91% of the existing issued share capital of the Company as at the date of this announcement and approximately 6.46% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor taking into account the total appraised value of the Target Properties of RMB87,270,000 (equivalent to approximately HK\$105,476,000) based on the valuation on the Target Properties as of 24 November 2015 as assessed by an independent valuer.

Based on the above, the Directors (including the Independent Non-Executive Directors) are of the view that the Consideration is fair and reasonable and on normal commercial terms and that the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion of the Acquisition is conditional upon the fulfillment of the following Conditions on or before the Conditions Fulfillment Date:

- (a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares;
- (b) the passing of the resolution(s) by the Shareholders to approve the Agreement and the transactions contemplated thereunder at the EGM, including but not limited to, the allotment and issuance of Consideration Shares to the Vendor;
- (c) the Purchaser having completed the due diligence review of the Target Properties and satisfied with the result in all aspects;
- (d) the Purchaser having received proof, to the Purchaser's satisfaction, that both the Fourth Floor Agreement and the Fifth Floor Agreement have been signed by the Vendor and the Purchaser's nominee and the registration with the government approval authorities have been completed.

If any of the Conditions have not been fulfilled by the Conditions Fulfillment Date, the Agreement shall lapse and have no further effect. None of the parties shall make any claims against the other party pursuant to the terms and conditions of the Agreement.

Completion

Pursuant to the Agreement, the Completion shall take place on the tenth Business Day immediately after the fulfillment (or waiver, if applicable) of all the Conditions set out in the Agreement, or such other date as the parties may agree in writing.

GENERAL INFORMATION ON THE VENDOR

As advised by the Vendor, the Vendor is a company incorporated in the PRC with limited liability principally engaged in sales and development of real estate.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

GENERAL INFORMATION ON THE PURCHASER AND THE GROUP

The Group is principally engaged in investment holding, natural resources and information technology related businesses.

The Purchaser is incorporated in Hong Kong and is an indirect wholly-owned subsidiary of the Company principally engaged in investment holding.

APPLICATION FOR LISTING

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Consideration Shares. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with the existing Shares in issue on the date of allotment and issuance.

THE SPECIFIC MANDATE

The Consideration Shares comprising 487,161,789 Shares will be allotted and issued pursuant to the Specific Mandate to be sought at the EGM.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Properties are located in Dalian City, Liaoning Province, the PRC. Dalian, being the second largest city in Liaoning Province, has sub-provincial administrative status and is one of the fastest growing property markets in the PRC.

The Group intends to refurbish the Target Properties to enhance the value of the Target Properties for sale and/or lease in the market. The Board is also of the view that the Acquisitions will enable the Group to increase its reserve of residential properties for sale and/or lease in the future. As this is situated in close proximity to other commercial and landmark buildings in the Dalian City, the Company expects there will be a great demand due to the prime location of the Target Properties.

Having considered the above, the Directors believe that entering into of the Agreement will provide a great opportunity to the Group to provide a sustainable growth to the Company's assets, thus potentially a greater return for the Shareholders.

The Directors further believe that entering into the Agreement will not change the nature of the Group's principal business but will diversify the Group's assets portfolio. The Directors consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable and the Agreement is in the interests of the Company and the Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 7,052,006,752 Shares in issue. The shareholding interests of the Company as at (i) the date of this announcement; and (ii) immediately after the Completion and the allotment and issuance of Consideration Shares, assuming all share options granted and warrants issued by the Company have not been exercised:

Shareholders

	The date of this announcement		Immediately after the Completion and the allotment and issuance of Consideration Shares, assuming all share options granted and warrants issued by the Company have not been exercised	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Substantial Shareholder:				
Able Victory Enterprises Limited (Note)	2,207,485,423	31.30	2,207,485,423	29.28
Public Shareholders:				
Vendor or Vendor's nominee	—	—	487,161,789	6.46
Other public Shareholders	<u>4,844,521,329</u>	<u>68.70</u>	<u>4,844,521,329</u>	<u>64.26</u>
	<u>7,052,006,752</u>	<u>100.00</u>	<u>7,539,168,541</u>	<u>100.00</u>

Note: Able Victory Enterprises Limited is wholly owned by Epic Wise International Limited which is in turn wholly owned by Mr. Suen Cho Hung, Paul, an Executive Director and the Chairman of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition calculated are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

The Company will seek approval for, among other things, the issuance of the Consideration Shares under the Specific Mandate from the Shareholders at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, no Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM.

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the issuance of the Consideration Shares under the Specific Mandate.

A circular containing, among other things, (i) further details of the Agreement and the transactions contemplated thereunder; (ii) details of the Specific Mandate; and (iii) the notice of the EGM together with the proxy form will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules which is expected to be on or before 29 January 2016 as additional time is required for the preparation of the relevant information for inclusion in the circular.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings given to them as below:

“Acquisition”	the acquisition in relation to the Target Properties pursuant to the terms and conditions of the Agreement;
“Agreement”	the conditional agreement dated 23 December 2015, including its amendments or replacement, entered into between the Vendor and the Purchaser in relation to the Acquisition;
“Board”	the board of Directors;
“Business Days”	a day (other than a Saturday or a Sunday at any time between 9:00 a.m. to 5:00 p.m.) on which licensed banks in the PRC are open for general banking business throughout their normal business hours;
“Company”	Enviro Energy International Holdings Limited (Stock Code: 1102), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	the completion of the Acquisition pursuant to the terms and conditions of the Agreement;
“Completion Date”	the tenth Business Day immediately following the date that all of the Conditions having been satisfied (or waived, if applicable) or such other date as the parties may agree in writing;
“Condition(s)”	the conditions precedent of the Completion, details of which are set out in the paragraph headed “Conditions Precedent” of this announcement;
“Condition Fulfillment Date”	31 December 2016 or such later date as the parties to the Agreement may agree in writing;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the total consideration payable by the Purchaser to the Vendor for the Target Properties, being HK\$102,303,975.84;

“Consideration Shares”	487,161,789 new Shares to be allotted and issued to the Vendor at HK\$0.21 per Share for the settlement of HK\$102,303,975.69, being part of the Consideration;
“Director(s)”	the director(s) of the Company;
“EGM”	an extraordinary general meeting of the Company to be convened to consider and approve, among other things, the issuance of the Consideration Shares under the Specific Mandate;
“Fifth Floor”	the fifth floor of Tower A, Bao Hua Wang Yuan (保華旺苑A座第5層) situated at Dalian city, Liaoning province in the PRC;
“Fifth Floor Agreement”	the government prescribed form of sale and purchase agreement that will be signed by the Purchaser’s nominee and the Vendor, the form as attached to the Agreement in respect of the transfer of Fifth Floor;
“Fourth Floor”	the fourth floor of Tower A, Bao Hua Wang Yuan (保華旺苑A座第4層) situated at Dalian city, Liaoning province in the PRC;
“Fourth Floor Agreement”	the government prescribed form of sale and purchase agreement that will be signed by the Purchaser’s nominee and the Vendor, the form as attached to the Agreement in respect of the transfer of Fourth Floor;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and its connected person(s);
“Issue Price”	HK\$0.21, being the issue price per Consideration Share;
“Last Trading Date”	22 December 2015, being the last trading day immediately before the entering into the Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;

“Purchaser”	Fine Sources Limited (源尚有限公司), a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company;
“Shareholder(s)”	the holder(s) of Shares;
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the capital of the Company;
“Specific Mandate”	the specific mandate to be sought from Shareholders at the EGM for the issuance of the Consideration Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Properties”	the fourth and the fifth floors of Tower A, Bao Hua Wang Yuan (保華旺苑A座第4層及第5層) situated at Dalian city, Liaoning province in the PRC;
“Vendor”	Dalian Taiyuan Real Estate Development Co., Ltd.* (大連泰元房地產開發有限公司), a limited liability company established in the PRC;
“%”	per cent;
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong; and
“RMB”	Renminbi, the lawful currency of the PRC.

* For identification purposes only.

By Order of the Board
Enviro Energy International Holdings Limited
Suen Cho Hung, Paul
Chairman

Hong Kong, 23 December 2015

For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of HK\$1 = RMB0.828. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

As at the date of this announcement, the Board comprises four Executive Directors, namely Mr. Suen Cho Hung, Paul (Chairman), Mr. Zhang Yuanqing (Chief Executive Officer), Mr. Lai Ming Wai, Mr. Zhu Lijia and three Independent Non-executive Directors, namely Mr. David Tsoi, Mr. Chiang Bun and Ms. Leung Pik Har, Christine.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.