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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 EQUITY INTEREST IN  
YINGKOU HAILANGGU TRAVEL CO., LIMITED**

**THE AGREEMENT**

The Board is pleased to announce that on 23 December 2016 (after trading hours of the Stock Exchange), 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 Equity Interest to the Purchaser at the Consideration of RMB62 million (equivalent to approximately HK\$69.3 million) in cash.

**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 Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

**As the Completion is subject to the satisfaction and/or waiver, where applicable, of the Conditions set out in the Agreement, the Acquisition may or may not proceed to Completion. Shareholders and potential investors of the Company should exercise caution when dealing in the shares or any securities of the Company.**

## **INTRODUCTION**

The Board is pleased to announce that on 23 December 2016 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and Vendor has conditionally agreed to sell the Target Equity Interest to the Purchaser at the Consideration of RMB62 million (equivalent to approximately HK\$69.3 million) in cash.

## **AGREEMENT**

Set out below are the principal terms of the Agreement:

- Date : 23 December 2016
- Parties : (a) Huan Neng Industrial (Yingkou) Co., Limited\* (環能實業(營口)有限公司), as the Purchaser; and
- (b) Yingkou Heheng Trading Co., Limited (營口合亨貿易有限公司), 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 owners are Independent Third Parties.

### **Target Equity Interest to be acquired**

The Target Equity Interest to be acquired represents 100% equity interest of the Target Company, which is owned by Vendor.

As advised by the Vendor, the Target Company owns the Target Land A and Target Land B, which are both located in Bai Sha Wan, Bayuquan district of Yingkou city, Liaoning province, the PRC.

As advised by the Vendor, the Target Land A is for commercial use and has a gross usage area of approximately 36,835 square meters.

As advised by the Vendor, the Target Land B is also for commercial use and has a gross usage area of approximately 22,410 square meters. However, as advised by the Vendor, the land use right permit for the Target Land B has not yet obtained by the Target Company, although the payment for acquiring the Target Land B has been already made in full by the Target Company.

In order to protect the interest of the Purchaser, pursuant to the Agreement, the Vendor irrevocably agree that in case the land use right permit has not yet obtained by the Target Company within 90 Business Days from the Completion Date, the Vendor shall forthwith pay to the Purchaser a sum of RMB22.41 million (equivalent to approximately HK\$25 million as compensation to the Purchaser.

Pursuant to the Agreement, save as the bank loan in the sum of RMB34 million (equivalent to approximately HK\$38 million) due by the Target Company, the Vendor shall bear all liabilities of the Target Company which are incurred prior to the Completion, including construction cost, material cost, labour costs etc. Pursuant to the Agreement, the Vendor shall settle the said liabilities born by it within 3 months from the date of the Agreement.

Upon Completion, the Target Company will become an indirectly wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial results of the Group.

### **Consideration**

The Consideration of the Acquisition is RMB62 million (equivalent to approximately HK\$69.3 million), which will be paid by the Purchaser within 3 Business Days from the Completion Date.

The Consideration was arrived at after arm's length negotiations between the Purchaser and Vendor after taking into account the acquisition cost of the Target Lands A and B, which amounted to approximately RMB62 million (equivalent to approximately HK\$69.3 million).

Based on the above, the 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) Vendor is the legal and beneficial owner of the Target Equity Interest, which is not subject to any encumbrances and third parties' rights;
- (b) the Purchaser has been satisfied with the results of the due diligence review of the Target Company (including but not limited to the review on the indebtedness of the Target Company);
- (c) the transfer of Target Equity Interest is in compliance with the PRC laws and to the satisfaction of the Purchaser;

- (d) the management of Target Company shall not have done any act which may have negative impact on the businesses, assets, properties, financial conditions, operations and future prospects of the Target Company on or prior to Completion; and all warranties shall be accurate and true in all respects as at the Completion Date;
- (e) Vendor has obtained all necessary third party consents, approvals, authorizations, waivers, permission and certificates in relation to the transactions contemplated under the Agreement and other relevant matters; and
- (f) the representations, warranties and undertakings given by Vendor have remained true, accurate and not misleading in all material respects and there have been no breach of any of the warranties in any respect by Vendor.

If any of the Conditions has not been fulfilled by 28 February 2017 (or such later date as the parties to the Agreement may agree in writing), the Agreement shall lapse and have no further effect. Vendor shall forthwith return all the money, without interest, which has been paid by the Purchaser. Upon repayment of the said money, 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 within 3 Business Days immediately after the fulfillment (or waiver, as the case may be) of the last Condition or such later date as the parties to the Agreement may agree in writing.

Pursuant to the Agreement, within 5 Business Days immediately after signing of the Agreement, the Vendor shall complete the registrations relating to the transfer of the Target Equity Interest to the Purchaser and the changes of the legal representative, directors, supervisor, business registration certificate, tax registration permit\* (稅務登記證) and Organization Code Certificate\* (組織機構代碼證).

### **GENERAL INFORMATION ON VENDOR AND THE TARGET COMPANY**

As advised by the Vendor, the Vendor is a company established in the PRC with limited liability engaged in, among others, investment consultation.

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

As advised by the Vendor, the Target Company is a company established in the PRC with limited liability. As advised by Vendor, the Target Company is engaged in, among others, water recreation, spa bath, catering and accommodation services.

## FINANCIAL INFORMATION OF THE TARGET COMPANY

As informed by Vendor, the unaudited financial information of the Target Company for the financial year ended 31 December 2015 and for the ten months ended 31 October 2016, respectively, are summarized as follows (for illustration purposes only):

	<b>For the financial year ended 31 December 2015 (RMB) (unaudited)</b>	<b>For the ten months ended 31 October 2016 (RMB) (unaudited)</b>
Profit/(Loss) before taxation	(1,831)	(82,962)
Profit/(Loss) after taxation	(1,831)	(82,962)
Net assets/(liabilities)	(1,831)	(82,962)

## REASONS FOR AND BENEFITS OF THE ACQUISITION

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

The Purchaser is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company, which is principally engaged in property management service.

The Board is 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.

Therefore, the Directors believe that entering into of the Agreement will provide an opportunity to the Group to provide a sustainable growth to the Company's assets and broaden the assets portfolio and income base of the Group, thus potentially greater return for the Shareholders.

In view of the above, the Directors consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable and the Agreement are in the interests of the Company and the Shareholders as a whole.

## 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 Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

**As the Completion is subject to the satisfaction and/or waiver, where applicable, of the Conditions set out in the Agreement, the Acquisition may or may not proceed to Completion. Shareholders and potential investors of the Company should exercise caution when dealing in the shares or any securities of the Company.**

## **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 Equity Interest pursuant to the terms and conditions of the Agreement;
“Agreement”	the conditional agreement dated 23 December 2016, including its amendments or replacement, entered into between 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”	subject to all of the Conditions having been satisfied but not later than the Conditions Fulfillment Date, 3 Business Days immediately following the date that the completion of all the Conditions as set out in the paragraph headed “Conditions Precedent” in this announcement;
“Condition(s)”	the condition(s) precedent of the Completion, details of which are set out in the paragraph headed “Conditions Precedent” of this announcement;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;

“Consideration”	the total consideration payable by the Purchaser to Vendor for the Target Equity Interest, being RMB62 million (equivalent to approximately HK\$69.3 million);
“Director(s)”	the director(s) of the Company;
“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);
“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”	Huan Neng Industrial (Yingkou) Co., Limited* (環能實業(營口)有限公司), a company incorporated in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company;
“Shareholders”	the holders of Shares;
“Shares”	ordinary share(s) of HK\$0.0025 each in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Yingkou Hailangu Travel Co., Limited (營口海浪谷旅遊有限公司), a limited liability company established in the PRC;
“Target Equity Interest”	the 100% equity interest in the Target Company;
“Target Land A”	a parcel of land located at Bai Sha Wan, Bayuquan district of Yingkou city, Liaoning Province, the PRC with the gross usage area of approximately 36,835 square meters;

“Target Land B”	a parcel of land located at Bai Sha Wan, Bayuquan district of Yingkou city, Liaoning Province, the PRC with the gross usage area of approximately 22,410 square meters;
“Vendor”	Yingkou Heheng Trading Co., Limited* (營口合亨貿易有限公司), 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.

\* *Literal translation of the Chinese name.*

By Order of the Board  
**Enviro Energy International Holdings Limited**  
**Zhang Yuanqing**  
*Chief Executive Officer*

Hong Kong, 23 December 2016

*For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of HK\$1.117 = RMB1. 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 and 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.*