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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 ENTIRE EQUITY INTEREST IN  
CHINA AREA INTERNATIONAL DEVELOPMENT LIMITED**

**THE AGREEMENT**

Reference is made to the announcement of the Company dated 18 January 2017 whereby the Company has announced that the Purchaser has entered into the MOU in respect of the possible acquisitions of the Target Equity Interest with the Vendor.

The Board is pleased to announce that on 4 July 2017 (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 at the Consideration of RMB54 million (equivalent to approximately HK\$63.18 million).

## **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 and are therefore subject to the reporting and announcement but are exempted from shareholders' approval requirements under Chapter 14 of 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**

Reference is made to the announcement of the Company dated 18 January 2017 whereby the Company has announced the Purchaser has entered into the MOU in respect of the possible acquisition of the Target Equity Interest with the Vendor.

The Board is pleased to announce that on 4 July 2017 (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 at the Consideration of RMB54 million (equivalent to approximately HK\$63.18 million), which will be settled by cash.

## **AGREEMENT**

Set out below are the principal terms of the Agreement:

Date : 4 July 2017

Parties : Enviro Energy Minerals Limited (環能礦業有限公司), as the Purchaser; and

China Area International Limited (華奕國際有限公司), as the Vendor.

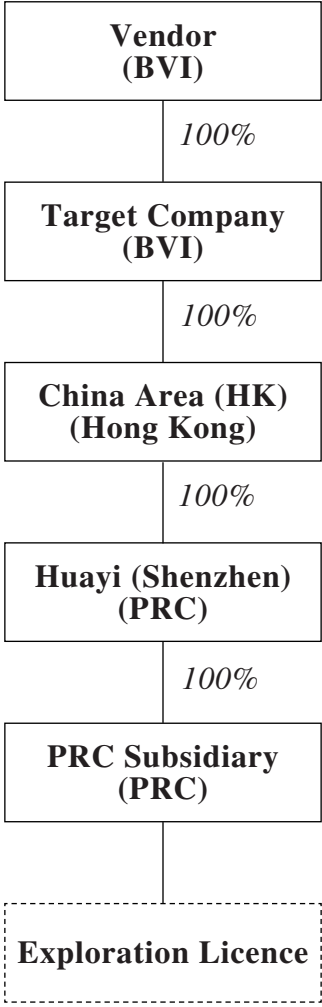
As at the date of this announcement, the Purchaser is an indirect wholly owned subsidiary of the Company.

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**

Pursuant to the Agreement, the Purchaser will acquire the Target Group, that is, the Target Company and its subsidiaries upon Completion, namely, China Area (HK), Huayi (Shenzhen) and PRC Subsidiary as specified in the Agreement.

The Target Equity Interest to be acquired represents 100% equity interest of the Target Company, which is owned by Vendor. The shareholding structure of the Target Group as of the date of this announcement is shown as in the simplified chart below:



As advised by the Vendor, PRC Subsidiary holds an exploration licence (the “**Exploration Licence**”) for the mining right of granite at a mining site (the “**Mine**”) located at Guojia Village, Gaojia Mountain Range Township, Xingcheng City, Liaoning Province, the PRC (中國遼寧省興城市高家嶺鄉郭家村) of 0.1479 km<sup>2</sup> for a period from 21 February 2016 to 21 July 2017.

Pursuant to the Agreement, the Vendor shall bear all the liabilities of the Target Group which are incurred prior to the Completion Date, including but not limited to bank loan, costs of material, labour costs, mine exploration tax and etc.

Upon Completion, the Target Company, China Area (HK), Huayi (Shenzhen) and PRC Subsidiary will become subsidiaries of the Company. Accordingly, the financial results of the Target Company, China Area (HK), Huayi (Shenzhen) and PRC Subsidiary will be consolidated into the financial results of the Group.

### **Consideration**

The Consideration of the Acquisition is RMB54 million (equivalent to approximately HK\$63.18 million).

On Completion Date, the Company will settle the Consideration in cash to the Vendor or its nominee.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor taking into account the preliminary value of the Target Equity Interest based on the valuation of the Mine of RMB54 million (equivalent to approximately HK\$63.18 million) as assessed by an independent valuer (the "**Valuation**").

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

- (d) the management of Target Group 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 Group on or prior to Completion; and all warranties shall be accurate and true in all respects as at the Completion Date;
- (e) the structure of the Target Group has not been changed;
- (f) the Vendor has obtained all necessary third party consents, approvals, authorisations, waivers, permission and certificates in relation to the transactions contemplated under the Agreement and other relevant matters; and
- (g) the representations, warranties and undertakings given by the 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 the Vendor;
- (h) the term of the Exploration Licence has been renewed to the satisfaction of the Purchaser; and
- (i) the Vendor shall novate all the liabilities arising before the Completion Date from the Target Group so that the Target Group shall cease to be liable. The novation expenses shall be borne by the Vendor.

The Purchaser shall have the right to waive any of the Conditions at its discretion. If any of the Conditions has not been fulfilled or waived (as the case may be) by the Conditions Fulfillment Date, the Agreement shall lapse and have no further effect. Vendor shall forthwith return all the money (if any), 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 three 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 4 months immediately after signing of the Agreement, the Vendor shall complete the registrations relating to the changes of, among other things, the legal representative, directors, supervisor, business registration certificate, tax registration permit\* (稅務登記證), organisation code certificate\* (組織機構代碼證), account permit certificate\* (開戶許可證), credit code certificate\* (信用機構代碼證), safety production licence\* (安全生產許可證), land registration information, exploration licence, and mining right examination and approval procedure in accordance with the instruction of the Purchaser.

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

As advised by the Vendor, the Vendor is a company established in the BVI with limited liability engaged in investment holding.

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.

As advised by the Vendor,

- (a) the Target Company is a company incorporated in the BVI with limited liability on 5 January 2016, wholly owned by Vendor. The principal business of the Target Company is investment holding and, save for its equity interest in China Area (HK), has no material assets and business operations.
- (b) China Area (HK) is a company established in Hong Kong with limited liability on 23 February 2016 and is wholly owned by the Target Company. The principal business of the China Area (HK) is investment holding.
- (c) Huayi (Shenzhen) is a company established in the PRC with limited liability on 18 July 2016 and is wholly owned by China Area (HK). Huayi (Shenzhen) principally engaged in, among other things, consultation for investment, consultation on economic information and business management.
- (d) PRC Subsidiary is a company established in the PRC with limited liability on 9 February 2004 and principally engaged in opencast mining of granite for construction use.

## FINANCIAL INFORMATION OF THE TARGET GROUP

As informed by Vendor, the unaudited financial information of the Target Company for the financial year ended 31 December 2016 and for the five months ended 31 May 2017, respectively, are summarised as follows (for illustration purposes only):

	<b>For the financial year ended 2016 (HKD) (unaudited)</b>	<b>For the five months ended 31 May 2017 (HKD) (unaudited)</b>
Profit/(Loss) before taxation	(11,550)	(10,535)
Profit/(Loss) after taxation	(11,550)	(10,535)
	<b>As at 31 December 2016 (HKD) (unaudited)</b>	<b>As at 31 May 2017 (HKD) (unaudited)</b>
Net assets/(liabilities)	(11,542)	(22,077)

As informed by Vendor, the unaudited financial information of China Area (HK) for the financial year ended 31 December 2016 and for the five months ended 31 May 2017, respectively, are summarised as follows (for illustration purposes only):

	<b>For the financial year ended 2016 (HKD) (unaudited)</b>	<b>For the five months ended 31 May 2017 (HKD) (unaudited)</b>
Profit/(Loss) before taxation	(11,465)	(6,425)
Profit/(Loss) after taxation	(11,465)	(6,425)
	<b>As at 31 December 2016 (HKD) (unaudited)</b>	<b>As at 31 May 2017 (HKD) (unaudited)</b>
Net assets/(liabilities)	(11,464)	(17,889)

As informed by Vendor, the unaudited financial information of Huayi (Shenzhen) for the financial year ended 31 December 2016 and for the five months ended 31 May 2017, respectively, are summarised as follows (for illustration purposes only):

	<b>For the financial year ended 2016 (RMB) (unaudited)</b>	<b>For the five months ended 31 May 2017 (RMB) (unaudited)</b>
Profit/(Loss) before taxation	(740)	(0)
Profit/(Loss) after taxation	(740)	(0)
	<b>As at 31 December 2016 (RMB) (unaudited)</b>	<b>As at 31 May 2017 (RMB) (unaudited)</b>
Net assets/(liabilities)	(740)	(740)

As informed by Vendor, the unaudited financial information of the PRC Subsidiary for the two financial years ended 31 December 2015 and 31 December 2016 and for the five months ended 31 May 2017, respectively, are summarised as follows (for illustration purposes only):

	<b>For the financial year ended 2015 (RMB) (unaudited)</b>	<b>For the financial year ended 2016 (RMB) (unaudited)</b>	<b>For the five months ended 31 May 2017 (RMB) (unaudited)</b>
Profit/(Loss) before taxation	(19,694)	(4,712,074)	(451,719)
Profit/(Loss) after taxation	(19,694)	(4,712,074)	(451,719)
	<b>As at 31 December 2015 (RMB) (unaudited)</b>	<b>As at 31 December 2016 (RMB) (unaudited)</b>	<b>As at 31 May 2017 (RMB) (unaudited)</b>
Net assets/(liabilities)	105,447	(4,606,627)	(5,058,346)



## **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 incorporated in Hong Kong with limited liability and is an indirect wholly owned subsidiary of the Company, which is principally engaged in investment holding.

The Board is of the view that the Acquisition is in line with the Company's strategy and commitment to the natural resources and energy business segment as well as enables the Company to tap into a different geographical mining area. The Acquisition also represents an opportunity for the Company to enrich or replenish its mining resources.

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 and are therefore subject to the reporting and announcement but are exempted from Shareholders' approval requirements under Chapter 14 of 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 4 July 2017, 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;
“BVI”	the British Virgin Islands;
“China Area (HK)”	China Area International (HK) Limited (華奕國際(香港)有限公司), a company established in Hong Kong with limited liability, which is directly wholly owned by the Target Company;
“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, within three Business Days immediately following the date that the fulfillment (or waiver, as the case may be) of the last Condition 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;
“Conditions Fulfillment Date”	31 July 2017 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 Equity Interest, being RMB54 million (equivalent to approximately HK\$63.18 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;
“Huayi (Shenzhen)”	華奕投資諮詢(深圳)有限公司 (Huayi Investment Consultation (Shenzhen) Company Limited*), a company established in the PRC with limited liability, which is directly wholly owned by China Area (HK);
“Independent Third Party(ies)”	the 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 the connected person(s) (as defined in the Listing Rules) of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MOU”	the memorandum of understanding dated 18 January 2017 entered into between the Purchaser and the Vendor in relation to the potential acquisition of the Target Company;
“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;
“PRC Subsidiary”	遼寧興城市開元石材有限公司 (Liaoning Xingcheng Kaiyuan Stone Material Company Limited*), a company established in the PRC with limited liability, which is directly wholly owned by Huayi (Shenzhen);
“Purchaser”	Enviro Energy Minerals Limited (環能礦業有限公司), a company incorporated in Hong Kong with limited liability, an indirect wholly owned subsidiary of the Company;
“Shareholders”	the holders of the 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”	China Area International Development Limited (華奕國際發展有限公司), a limited liability company incorporated in the BVI;

“Target Group”	collectively the Target Company, China Area (HK), Huayi (Shenzhen) and PRC Subsidiary;
“Target Equity Interest”	the 100% equity interest in the Target Company;
“Vendor”	China Area International Limited (華奕國際有限公司), a company established in the BVI with limited liability which is 100% owned by Mr. Li Chi (李馳), a PRC citizen and a businessman;
“%”	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 for identification purpose only.*

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

Hong Kong, 4 July 2017

*For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of HK\$1.17 = 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 five Executive Directors, namely Mr. Suen Cho Hung, Paul (Chairman), Mr. Zhang Yuanqing (Co-chief Executive Officer), Mr. Pu Wei (Co-chief Executive Officer), Mr. Lai Ming Wai and Mr. Zhu Lijia and two Independent Non-executive Directors, namely 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.*