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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)

INSIDE INFORMATION DECISION OF THE STOCK EXCHANGE ON RULE 13.24

This announcement is made by Enviro Energy International Holdings Limited (the “**Company**”) pursuant to the Inside Information Provisions as defined in the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

References are made to (i) the announcements of the Company dated 20 December 2020 and 7 January 2021 in relation to the decision of the Listing Division of the Stock Exchange on 18 December 2020, that the Company has failed to carry out a business with sufficient level of operations as required under Rule 13.24 of the Listing Rules to warrant the continued listing of its shares (the “**Decision**”); (ii) the announcement of the Company dated 15 January 2021 in relation to the request of review of the decision by the Listing Committee of the Stock Exchange pursuant to Rule 2B.06(1) and 2B.08(1) of the Listing Rules; (iii) the announcements of the Company dated 18 May 2021 in relation to the decision by the Listing Committee of the Stock Exchange pursuant to Rule 2B.06(1) and 2B.08(1) of the Listing Rules in upholding the Decision (the “**LC Decision**”); and (iv) the announcement of the Company dated 27 May 2021 in relation to the request of review of the LC Decision of the Stock Exchange pursuant to Rule 2B.06(2) and 2B.08(3) of the Listing Rules (collectively, the “**Announcements**”). Capitalised terms used herein shall bear the same meanings as those defined in the Announcements unless otherwise stated.

DECISION OF THE LISTING REVIEW COMMITTEE

The review hearing of the LC Decision by the Listing Review Committee was held on 19 August 2021. On 14 September 2021, the Company received a decision letter from the Listing Review Committee which upheld the LC Decision (the “**LRC Decision**”) and concluded that having considered carefully all information and submissions, the Company has failed to maintain a sufficient level of operations and assets of sufficient value to support its operations under Rule 13.24 of the Listing Rules to warrant the continued listing of the Shares, for the following principal reasons:

1. The Company had been loss-making for the past 5 financial years. Although the situation of the Construction Materials Business appeared to have improved recently, its profits remained low. The gross profit for the six months ended 30 June 2021 was insufficient to cover the Company's corporate expenses and finance costs, and the net profit achieved in the same period was achieved only because of an interest waiver. The Listing Review Committee noted it was uncertain whether and if so, for how long, the interest waiver arrangement would continue.
2. The Listing Review Committee noted the revenue and profits projected by the Company for the years ending 31 December 2021 and 2022. However, it is questionable whether the submitted forecasts to the Listing Review Committee would be achievable given (i) the projected gross profit margin for the supply of building materials was substantially higher than that achieved by the Company in previous years; (ii) it remained uncertain the extent to which the value-added services introduced by the Company would assist the Company to achieve an increase in profit margins; (iii) only around 50% of the total forecast revenue for the years ending 31 December 2021 and 2022 was supported by signed contracts or confirmed orders; (iv) it remained uncertain whether the reduced finance costs as a result of the interest waiver arrangement would endure to support the forecasts; and (v) the Company was only utilising some automated warehouses space rented from third parties since early 2021, which was not a substantial operation.
3. With regard to the asset position, the Listing Review Committee noted the progress of the Company on recovery of loan and interest receivable. However, the Company's action plans for recovery of other outstanding receivables (including prepayments and trade receivables) were preliminary and the outcomes of such actions for recovery remained uncertain.
4. Nevertheless, the Listing Review Committee recognised that the current management had only taken charge and begun to refine the Company's business approximately a year ago. The Company would have the remedial period of 18 months from the date of suspension to put into action its various plans and demonstrate the sustainability and viability of its current business model. The Listing Review Committee considered that, in the event that the Company was able to achieve its forecasted revenue and profits as set out in its written submissions, these would definitely be duly considered favourably in the assessment of whether the Company had demonstrated compliance with Rule 13.24 of the Listing Rules in the remedial period in addition to other relevant matters which will be reviewed as part of the qualitative test applied under Rule 13.24 of the Listing Rules.

The Listing Review Committee therefore decided to uphold the Listing Committee's decision to suspend the Shares under Rule 6.01(3) on the ground that the Company has failed to comply with Rule 13.24 of the Listing Rules.

The Company is in the progress of reviewing the LRC Decision and will actively prepare for the proposal(s) to re-comply with Rule 13.24 of the Listing Rules.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 15 September 2021.

As the Listing Review Committee upheld the LC Decision, the Company must re-comply with Rule 13.24 of the Listing Rules, fulfill any resumption guidance that may be set by the Stock Exchange and be in full compliance with the Listing Rules to the Stock Exchange's satisfaction before the trading of the Shares would be allowed to resume. Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of the Shares if trading remains suspended for a continuous period of 18 months.

Further announcement(s) will be made by the Company as and when appropriate and in compliance with the requirements under the Listing Rules.

Shareholders and potential investors of the Company who have any queries about the implications of the dealing of the Shares are advised to seek advice from professional advisors.

By order of the Board
Enviro Energy International Holdings Limited
Li Gang
Chairman and Executive Director

Hong Kong, 17 September 2021

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Li Gang (Chairman), Mr. Pan Lihui and Mr. Jiang Senlin and three Independent Non-executive Directors, namely Mr. Zhong Jian, Mr. Du Hongwei and Mr. Liu Qin.