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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)

**(I) LAPSE OF MAJOR TRANSACTION IN RELATION
TO THE ACQUISITION OF 100% OF THE ISSUED SHARES
OF THE TARGET COMPANY; AND
(II) DISCLOSEABLE TRANSACTION
IN RELATION TO FORMATION OF JOINT VENTURE**

LAPSE OF THE SALE AND PURCHASE AGREEMENT

As certain conditions precedent under the Sale and Purchase Agreement have not been fulfilled or waived (as the case may be) on or before 30 September 2022, and the Company, Zhejiang Zhongnan Construction and Zhejiang Zhongnan Cultural Tourism have not agreed on any further extension of such date, the Sale and Purchase Agreement has lapsed on 30 September 2022 pursuant to the terms of the Sale and Purchase Agreement.

FORMATION OF JOINT VENTURE

The Board is pleased to announce that on 20 October 2022, Shenzhen Jun Heng (an indirect wholly-owned subsidiary of the Company) and Hangzhou Zhongji jointly established the JV Company, which Shenzhen Jun Heng and Hangzhou Zhongji have agreed to inject RMB5.0 million in aggregate by way of cash contribution into the JV Company as registered capital.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the capital commitment of the Group in relation to the JV Company are more than 5% but all applicable percentage ratios are less than 25%, the formation of the JV Company constitutes a discloseable transaction of the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

(I) LAPSE OF THE SALE AND PURCHASE AGREEMENT

Reference is made to the Acquisition Announcement in relation to the Sale and Purchase Agreement entered into between the Company, Zhejiang Zhongnan Construction and Zhejiang Zhongnan Cultural Tourism, pursuant to which the Company has conditionally agreed to acquire and Zhejiang Zhongnan Construction and Zhejiang Zhongnan Cultural Tourism have conditionally agreed to sell the entire equity interest of Hangzhou Zhongji at the consideration of RMB30 million.

Pursuant to the Sale and Purchase Agreement, if the conditions precedent under the Sale and Purchase Agreement have not been fulfilled or waived by the Zhejiang Zhongnan Construction and Zhejiang Zhongnan Cultural Tourism or the Company (as the case may be) on or before 30 September 2022, the Company, Zhejiang Zhongnan Construction and Zhejiang Zhongnan Cultural Tourism may terminate the Sale and Purchase Agreement.

As certain conditions precedent under the Sale and Purchase Agreement have not been fulfilled or waived (as the case may be) at or before 30 September 2022, and the Company, Zhejiang Zhongnan Construction and Zhejiang Zhongnan Cultural Tourism have not agreed on any further extension of such date, the Sale and Purchase Agreement has lapsed on 30 September 2022 pursuant to the terms of the Sale and Purchase Agreement.

The Directors consider that the lapse of the Sale and Purchase Agreement will not have any material adverse impact on the existing business, operation and financial position of the Group.

(II) FORMATION OF JOINT VENTURE

INTRODUCTION

On 20 October 2022, Shenzhen Jun Heng (an indirect wholly-owned subsidiary of the Company) and Hangzhou Zhongji jointly set up the JV Company, which Shenzhen Jun Heng and Hangzhou Zhongji have agreed to inject RMB5.0 million in aggregate by way of cash contribution into the JV Company as registered capital.

INFORMATION OF THE JV COMPANY

The details of the JV Company are as follows:

Business

The JV Company was incorporated on 20 October 2022 in the PRC, principally engaged in the supply of building materials.

Capital Contribution and Shareholding Structure of the JV Company

The total registered capital of RMB5.0 million will be contributed in cash as follows:

- (a) RMB3.0 million, being 60% of the registered capital of the JV Company by Shenzhen Jun Heng; and
- (b) RMB2.0 million, being 40% of the registered capital of the JV Company by Hangzhou Zhongji.

The above registered capital shall be contributed before 31 December 2023.

The registered capital of the JV Company was determined after arm's length negotiations between Shenzhen Jun Heng and Hangzhou Zhongji having taken into account the expected capital requirements of the JV Company and will be funded by the internal resources of the Group.

Upon completion of the formation of the JV Company, the JV Company becomes a non-wholly owned subsidiary of the Company and the financial results of the JV Company will be consolidated into the financial statements of the Company.

Board Composition and Management of the JV Company

The board of directors of the JV Company shall consist of one director and Shenzhen Jun Heng is entitled to nominate and appoint the sole director of the JV Company.

Shenzhen Jun Heng is responsible for the day-to-day management of the JV Company.

Dividend Distribution

Each of Shenzhen Jun Heng and Hangzhou Zhongji is entitled to the dividends declared by the JV Company for the relevant financial year in proportion to its respective shareholding in the JV Company.

Restriction on Transfers and Pre-emption Rights on the Equity Interests in the JV Company

The Parties are free to transfer their equity interest in the JV Company among themselves. In the event that any of the Parties wishes to transfer all or part of a party's equity interest in the JV Company to any third party, it shall be subject to the consent of the other equity interest holder of the JV Company (the “**Non-selling Party**”). If a transfer of a party's equity interest in the JV Company is permitted, the Non-selling Party shall have a pre-emption right to acquire the equity interest proposed to be transferred on the same terms of transfer as proposed by the selling party.

INFORMATION OF HANGZHOU ZHONGJI

Hangzhou Zhongji is a limited liability company established in the PRC on 15 July 2020 and is principally engaged in the provision of construction and renovation services in the PRC. As at the date of this announcement, Hangzhou Zhongji is owned as to 80% by Zhejiang Zhongnan Construction and 20% by Zhejiang Zhongnan Cultural Tourism. The ultimate beneficial owner of Zhejiang Zhongnan Construction and Zhejiang Zhongnan Cultural Tourism is Mr. Wu Jianrong.

To the best of knowledge, information and belief of the Directors, after having made all reasonable enquiries, Zhejiang Zhongnan Construction, Zhejiang Zhongnan Cultural Tourism and its ultimate beneficial owner are Independent Third Parties.

INFORMATION OF THE GROUP AND SHENZHEN JUN HENG

The Group is principally engaged in the sales of materials businesses (including supply of building materials business) and properties investment in Hong Kong and the PRC. The Group sources various kind of building materials and provide inventory management services for its customers in the PRC.

Shenzhen Jun Heng is an indirect wholly-owned subsidiary of the Company incorporated in the PRC with limited liability on 17 September 2020. Shenzhen Jun Heng is principally engaged in supply of building materials and aluminium related products in the PRC.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY

Leveraging on (i) the Group's experience and network in supply of building materials business in the PRC; and (ii) the construction and renovation services provided by Hangzhou Zhongji, the Board is of the view that the establishment of the JV Company may allow the Group to expand its sales channel, which will provide more business opportunities to the Group by enhancing its sales network and customer base in the construction industry in the PRC.

Taking into account of the above factors, the Directors are of the view that the capital injection into the JV Company is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the capital commitment of the Group in relation to the JV Company are more than 5% but all applicable percentage ratios are less than 25%, the formation of the JV Company constitutes a discloseable transaction of the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

(III) CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:00 a.m. on 15 September 2021. Trading in the Shares will remain suspended pending fulfilment of the resumption guidance issued by the Stock Exchange and any supplement or modification thereto.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Acquisition Announcement”	the announcement of the Company dated 21 July 2022 in relation to the Sale and Purchase Agreement
“Board”	the board of Directors
“Company”	Enviro Energy International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hangzhou Zhongji”	Hangzhou Zhongji Architectural Decoration Engineering Co., Ltd.* (杭州中機建築裝飾工程有限公司), a company incorporated in the PRC with limited liability, which is owned as to 80% by Zhejiang Zhongnan Construction and 20% by Zhejiang Zhongnan Cultural Tourism as at the date of this announcement; which is an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	person(s) or company(ies) and its (their) respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is(are) third party(ies) independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“JV Company”	Hangzhou Jun Heng Building Materials Limited* (杭州峻衡建材有限公司), a limited liability company incorporated in the PRC on 20 October 2022, which is an indirect non-wholly owned subsidiary of the Company and owned as to 60% by Shenzhen Jun Heng and 40% by Hangzhou Zhongji
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	Shenzhen Jun Heng and Hangzhou Zhongji
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 June 2022 (as supplemented by a supplemental agreement dated 12 July 2022) entered into between the Company, Zhejiang Zhongnan Construction and Zhejiang Zhongnan Cultural Tourism in relation to the acquisition of the entire equity interest of Hangzhou Zhongji
“Share(s)”	the ordinary share(s) of par value of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Jun Heng”	Shenzhen Jun Heng Trading Company Limited* (深圳峻恒貿易有限公司), a limited company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhejiang Zhongnan Construction”	Zhejiang Zhongnan Construction Group Company Limited* (浙江中南建設集團有限公司), a limited company established in the PRC

“Zhejiang Zhongnan
Cultural Tourism”

Zhejiang Zhongnan Cultural Tourism Group Company
Limited* (浙江中南文旅集團有限公司), a limited company
established in the PRC

“%”

per cent

* *For identification purpose only*

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

Hong Kong, 31 October 2022

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.