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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
DISPOSAL OF THE ENTIRE EQUITY INTEREST IN
YINGKOU HAILANGGU TRAVEL CO., LIMITED***

On 28 August 2018, the Vendor (an indirect wholly-owned subsidiary of the Company) and Mr. Zhong entered into the First Equity Transfer Agreement, pursuant to which the Vendor agreed to transfer Target Capital I (i.e. 50% equity interest in Yingkou Hailanggu) to Mr. Zhong at a consideration of RMB1. On the same date, the Vendor and Mr. Li entered into the Second Equity Transfer Agreement, pursuant to which the Vendor agreed to transfer Target Capital II (i.e. the remaining 50% equity interest in Yingkou Hailanggu) to Mr. Li at a consideration of RMB1.

Immediately after completion of the Disposal, Yingkou Hailanggu will cease to be an indirect wholly-owned subsidiary of the Company and the financial results of Yingkou Hailanggu will no longer be consolidated into the Group's financial statements.

LISTING RULES IMPLICATIONS

Since one of the applicable percentage ratios in respect of the Disposal exceeds 5%, but all the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement and reporting requirements.

INTRODUCTION

On 28 August 2018, the Vendor (an indirect wholly-owned subsidiary of the Company) and Mr. Zhong entered into the First Equity Transfer Agreement, pursuant to which the Vendor agreed to transfer Target Capital I (i.e. 50% equity interest in Yingkou Hailanggu) to Mr. Zhong at a consideration of RMB1. On the same date, the Vendor and Mr. Li entered into the Second Equity Transfer Agreement, pursuant to which the Vendor agreed to transfer Target Capital II (i.e. the remaining 50% equity interest in Yingkou Hailanggu) to Mr. Li at a consideration of RMB1.

As at the date of this announcement, Yingkou Hailanggu is wholly owned by the Vendor.

FIRST EQUITY TRANSFER AGREEMENT

The principal terms of the First Equity Transfer Agreement are as follows:

Date	28 August 2018
Parties	the Vendor, as vendor Mr. Zhong, as purchaser
Assets to be disposed of	50% equity interest in Yingkou Hailanggu, subject to the terms and conditions of the First Equity Transfer Agreement
Consideration and payment	<p>The Consideration payable by Mr. Zhong to the Vendor pursuant to the First Equity Transfer Agreement is RMB1.</p> <p>Payment of the Consideration shall be made by Mr. Zhong within 14 working days from Completion to the Vendor.</p> <p>The Consideration was determined after arm's length negotiation between the parties with reference to, among other things, the financial conditions of Yingkou Hailanggu for the years ended 31 December 2016 and 2017, including, the net liabilities value of Yingkou Hailanggu as at 31 December 2017.</p>
Completion	Completion shall take place upon the relevant administration of industry and commerce completing registration of the change in the holder of the Target Capital I from the Vendor to Mr. Zhong.

SECOND EQUITY TRANSFER AGREEMENT

On 28 August 2018, the Vendor and Mr. Li entered into the Second Equity Transfer Agreement. The principal terms of the Second Equity Transfer Agreement are the same as those set out in the First Equity Transfer Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENTS

The Board considers that the Disposal can (i) facilitate the Company to realise its investment in Yingkou Hailanggu with a gain; and (ii) allow the Group to refine its portfolio of investment properties and to seize new properties investment opportunities in the Guangdong–Hong Kong–Macau Greater Bay Area.

The Board is of the view that the terms of the Equity Transfer Agreements are fair and reasonable, and the Disposal is on normal commercial terms or better (having such meaning as ascribed to such expression under Chapter 14 of the Listing Rules) and in the interests of the Company and its shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL

Immediately after completion of the Disposal, Yingkou Hailanggu will cease to be a subsidiary of the Company and the financial results of Yingkou Hailanggu will no longer be consolidated into the Group's financial statements.

Subject to the review of the Company's auditor, based on the audited net liabilities value of the Yingkou Hailanggu of approximately HK\$7.7 million as at 31 December 2017 and the net proceeds from the Disposal of approximately HK\$2 (after deducting the expenses attributable thereto), the Group expects to record a gain arising from the Disposal of approximately HK7.7 million upon completion of the Disposal.

The Directors expect that the net proceeds from the Disposal will be used as general working capital of the Group.

INFORMATION OF YINGKOU HAILANGGU

Yingkou Hailanggu is a limited liability company established under the laws of the PRC on 31 October 2014 and is a wholly owned subsidiary of the Vendor as at the date of this announcement. Its principal activity is engaged in properties investment in the PRC.

Set out below is the financial information of Yingkou Hailanggu for the years ended 31 December 2016 and 2017:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	<i>HK'000</i>	<i>HK'000</i>
Net loss before taxation	7,337	95
Net loss after taxation	7,337	95

As at 31 December 2017, the audited total asset value and net liabilities value of Yingkou Hailanggu amounted to approximately HK\$170.0 million and HK\$7.7 million, respectively.

INFORMATION ABOUT THE GROUP AND PARTIES INVOLVED IN THE EQUITY TRANSFER AGREEMENTS

The Group is principally engaged in trading of building materials, investment holding and properties investment.

To the best of the Directors' knowledge, information and belief making all reasonable enquiries, Mr. Zhong and Mr. Li are Independent Third Parties.

The Vendor is an indirect wholly-owned subsidiary of the Company and is principally engaged in properties investment in the PRC.

LISTING RULES IMPLICATIONS

Since one of the applicable percentage ratios in respect of the Disposal exceed 5%, but all the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to announcement and reporting requirements.

DEFINITIONS

Unless the context requires otherwise, the following terms and expressions in this announcement have the following meanings:

“Board”	board of Directors
“Company”	Enviro Energy International Holdings Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability and whose issued Shares are listed on the Main Board of the Stock Exchange (stock code: 1102)
“Completion”	completion of the Disposal in accordance with the terms and conditions as set out in the Equity Transfer Agreements

“Consideration”	the amount payable by Mr. Zong and Mr. Li for the acquisition of the 50% equity interest in Yingkou Hailanggu pursuant to First Equity Transfer Agreement and Second Equity Transfer Agreement, respectively
“Disposal”	the disposal of the 50% equity interest in Yingkou Hailanggu to each of Mr. Li and Mr. Zhong, respectively
“Directors”	the director(s) of the Company
“Equity Transfer Agreements”	collectively, First Equity Transfer Agreement and Second Equity Transfer Agreement
“First Equity Transfer Agreement”	the equity transfer agreement dated 28 August 2018 and entered into between Mr. Zhong and the Vendor in relation to the Disposal
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	individual(s) or company(ies) who is not or are not a connected person(s) (within the meaning ascribed to it under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Li”	Mr. Li Jianmin (李建民), who is an Independent Third Party
“Mr. Zhong”	Mr. Zhong Jibin(仲躋彬) who is an Independent Third Party
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Second Equity Transfer Agreement”	the equity transfer agreement dated 28 August 2018 and entered into between Mr. Li and the Vendor in relation to the Disposal
“Shares”	ordinary share(s) of HK\$0.0025 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”	has the meaning ascribed to such term under the Listing Rules
“Target Capital I”	the 50% equity interest in Yingkou Hailanggu held by the Vendor and purchased by Mr. Zhong pursuant to the First Equity Transfer Agreement
“Target Capital II”	the 50% equity interest in Yingkou Hailanggu held by the Vendor and purchased by Mr. Li pursuant to the Second Equity Transfer Agreement
“Vendor”	環能實業(營口)有限公司 (Huan Neng Industrial (Yingkou Company Limited)*, a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Yingkou Hailanggu”	營口海浪谷旅遊有限公司 (Yingkou Hailanggu Travel Co., Limited)*, a company established in the PRC with limited liability and a wholly-owned subsidiary of the Vendor

* *For identification purposes only*

By Order of the Board
Enviro Energy International Holdings Limited
Li Sen
Chairman, Chief Executive Officer and executive Director

Hong Kong, 28 August 2018

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Li Sen (Chairman and Chief Executive Officer), Mr. Zhou Xuesheng and Mr. Wei Junqing and three independent non-executive Directors, namely Mr. Wen Guangwei, Mr. Chiang Bun and Dr. Chiao Li.