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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**

#### **LETTER OF INTENT IN RELATION TO A POSSIBLE ACQUISITION**

This announcement is made by Enviro Energy International Holdings Limited (“**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (“**Board**”) of directors (“**Directors**”) of the Company is pleased to announce that on 28 September 2018 (after the trading hours), the Company (“**Intended Purchaser**”) and a corporate entity (“**Intended Vendor**”, which is incorporated in Hong Kong) entered into a letter of intent (“**Letter of Intent**”). Pursuant to the Letter of Intent, the Intended Purchaser has been given (among other rights) an exclusive right to negotiate with the Intended Vendor and (if so agreed) to nominate a subsidiary of the Company to enter into a conditional agreement for the acquisition (“**Possible Acquisition**”) of 17% of the issued share capital in, and the related shareholder’s loans from the Intended Vendor to, a company (“**Target Company**”, which is incorporated in Hong Kong). As at the date of this announcement, the Target Company has entered into agreements to acquire certain land parcels (or to acquire a company which holds land parcels) (collectively, the “**Land Parcels**”) which are located in Yuen Long, New Territories, Hong Kong. It is the plan of the Target Company to develop the Land Parcels into a covered warehouse.

## **MAJOR TERMS OF THE LETTER OF INTENT**

**Date:** 28 September 2018 (after trading hours)

### **Parties**

- (a) the Intended Vendor (as intended vendor), and
- (b) the Company (as intended purchaser)

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Intended Vendor and its ultimate beneficiaries and the other shareholders (who are natural persons) of the Target Company are third parties independent of, and are not connected with, the Company and its connected persons (having such meaning ascribed to such term as defined in the Listing Rules).

### **Subject matter**

The Intended Vendor proposed to sell and the Intended Purchaser proposed to acquire from the Intended Vendor 17% of the issued share capital in the Target Company, and the related shareholder's loans to the Target Company. As at the date of the Letter of Intent, the Intended Vendor is the holder of 20% of the issued share capital in the Target Company.

### **Exclusivity**

Under the Letter of Intent, the Intended Vendor has undertaken to the Intended Purchaser that the Intended Vendor and its connected persons will (during the period commencing on the date of the Letter of Intent and expiring on 12 November 2018 or such later date as agreed between the Intended Purchaser and the Intended Vendor ("**Expiry Date**")) refrain from engaging in negotiation or entering into any agreement with any parties (other than the Intended Purchaser) in respect of, whether directly or indirectly, sale, pledging or disposal of any shares in the Target Company or other property-holding company (in which the Target Company has interests) or the Land Parcels (or any portion of the Land Parcels).

### **Formal sale and purchase agreement**

It is the intent of the Intended Purchaser (through one of its subsidiaries) and the Intended Vendor to enter into negotiations and (if so agreed) a formal legally-binding sale and purchase agreement ("**Formal Agreement**") in relation to the Possible Acquisition on or before the Expiry Date. The terms and conditions of the Formal Agreement will be negotiated by the parties on arm's length basis.

### **Due diligence**

The Intended Purchaser and its advisers are entitled, after the signing of the Letter of Intent, to conduct due diligence review ("**DD Review**") on (among other matters) the Target Company, its assets and financial positions and other related agreements. The Intended Vendor has agreed to render reasonable assistance for the supply of the relevant information and documents to the Intended Purchaser for it to complete the DD Review.

## **Consideration**

The total consideration payable by the Intended Purchaser to the Intended Vendor in respect of the Possible Acquisition is indicated to be approximately HK\$80 million, which amount is subject to further adjustment after having regard to (among other matters) the results of the DD Review. The final consideration (if agreed) will be set out in the Formal Agreement.

It is also indicated in the Letter of Intent that the total consideration will be settled by way of the issue and delivery of a promissory note by the Intended Purchaser to the Intended Vendor, and such promissory note will carry interest at a rate to be determined upon the signing of the Formal Agreement and the maturity date will fall on the first anniversary of the date of completion of the Formal Agreement.

## **Legal binding effect**

Under the Letter Of Intent, it is provided that (i) the contents summarized in the above sub-paragraphs headed “Subject matter”, “Formal sale and purchase agreement” and “Consideration” are not legally binding, and (ii) those set out in the above sub-paragraphs headed “Due diligence review”, and “Exclusivity” are legally binding and enforceable.

## **LISTING RULES IMPLICATION**

The Possible Acquisition, if materialised, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. The Company will make further announcement as and when appropriate, and will comply with all applicable requirements under Chapter 14 of the Listing Rules.

**The Board would emphasise that certain terms of the Letter of Intent are not legally binding. Shareholders of the Company and/or potential investors are reminded that the Possible Acquisition is subject to, among other things, the entering into of the Formal Agreement, which terms and conditions are yet to be finalised. The Possible Acquisition is also subject to fulfilment of such conditions precedent as may be provided under the Formal Agreement. The Letter of Intent may or may not lead to the entering into of the Formal Agreement, and the Possible Acquisition may or may not proceed.**

**Shareholders of the Company and/or potential investors are advised to exercise caution when dealing with the shares of the Company.**

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

Hong Kong, 28 September 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, Dr. Hou Chaohui and Dr. Chiao Li.*