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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 6 September 2020, the Company entered into the Placing Agreement with the Placing Agent whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, up to 90,000,000 new Shares to not less than six independent Placers at the Placing Price of HK\$0.2288 per Placing Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and completion of the Placing, the Placing Shares represent approximately 19.89% of the Company's existing issued share capital and approximately 16.59% of the Company's issued share capital as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will be allotted and issued under the General Mandate.

The Placing is conditional upon, among others, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

The gross proceeds from the Placing will be HK\$20,592,000. The Company intends to use the entire net proceeds of approximately HK\$20,133,120 from the Placing as the general working capital of the Group.

IMPLICATIONS UNDER THE LISTING RULES

Wonderland International Financial Holdings Limited, which holds approximately 18.94% of the shareholdings of the Company, is wholly-owned by Wonderland International Financial Holdings Corporation which is the owner of all issued share capital of the Placing Agent. Wonderland International Financial Holdings Corporation is in turn wholly-owned by Wonderland International Financial Holdings Company. Wonderland International Financial Holdings Company is owned by Hua Zhi Investment Limited as to approximately 58.10%, which is owned by Mr. Li Gang, an Executive Director and the Chairman of the Company, as to approximately 49.51%. The Placing Agent is an associate of Wonderland International Financial Holdings Limited and Mr. Li Gang and is therefore a connected person of the Company within the meaning of the Listing Rules. The transaction between the Company and the Placing Agent under the Placing Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules. In view of the fact that Mr. Li Gang has material interest in the transaction, he has abstained from voting on the board resolutions approving this transaction.

Assuming that the Placing Shares are fully placed, the Placing Agent will receive a placing commission of approximately HK\$308,880 in cash to be deducted from the placing proceeds. As the relevant percentage ratios (other than the profits ratio) in respect of the placing commission and the brokerage fees under Rule 14.07 of the Listing Rules is less than 5% and the total consideration is less than HK\$3,000,000, the transaction constitutes a connected transaction which is fully exempt from independent Shareholders' approval, annual review and all disclosure requirements under Rule 14A.76(1) of the Listing Rules.

As completion of the Placing is subject to the satisfaction of a number of conditions under the Placing Agreement and the Placing is on a best effort basis, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that on 6 September 2020, the Placing Agreement has been entered into between the Company and the Placing Agent. Summarised below are the principal terms of the Placing Agreement.

THE PLACING AGREEMENT

Date

6 September 2020

Parties

The Company and the Placing Agent

Placing Agent

Wonderland International Securities Limited, the Placing Agent, has conditionally agreed to place up to 90,000,000 Placing Shares on a best effort basis and in consideration thereof, it will receive a placing commission of 1.5% on the gross proceeds of the Placing upon completion of the Placing. The Directors are of the view that the placing commission accords with the market rate and is fair and reasonable.

For further information in relation to the Placing Agent, please see the section headed “Implications under the Listing Rules”.

Placees

The Placing Agent will place the Placing Shares to not less than six independent Placees, being professional, institutional or other investors, who and whose ultimate beneficial owners are third parties independent of, not acting in concert (as defined in the Takeovers Code) with and not connected with the Company and its connected persons. It is expected that none of the Placees will become substantial Shareholder (as defined in the Listing Rules) immediately after completion of the Placing.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing (save for the allotment and issue of the Placing Shares), the maximum of 90,000,000 Placing Shares represent approximately 19.89% of the Company’s existing issued share capital and approximately 16.59% of the Company’s issued share capital as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$4.5 million.

Placing Price

The Placing Price of HK\$0.2288 per Placing Share represents:

- (i) a discount of approximately 13.66% to the closing price of HK\$0.265 per Share as quoted on the Stock Exchange on 4 September 2020, being the last trading day immediately prior to the date of the Placing Agreement;
- (ii) a discount of approximately 17.1% to the average closing price of HK\$0.276 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement; and
- (iii) a discount of approximately 26.67% to the average closing price of HK\$0.312 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price, which was agreed after arm's length negotiation between the Company and the Placing Agent, was determined with reference to the prevailing market price of the Shares. The Directors consider that the terms of the Placing are on normal commercial terms or better and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects *inter se* and with other Shares in issue at the Completion Date and the Placing Shares, when allotted and issued, will be free from all liens, charges, encumbrances and the third party rights of whatever nature and together with all rights attaching to them as at the date of the allotment.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 26 June 2020 pursuant to which the Directors are authorised to allot and issue up to 90,478,441 new Shares. The Placing will utilize approximately 99.47% of the General Mandate.

As at the date of this announcement, no new Shares have been issued and allotted under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (ii) the Placing Agreement not having been terminated in accordance with its terms.

If the conditions are not fulfilled by 5:00 p.m. on 27 September 2020 (or such later date as may be agreed by the Placing Agent and the Company in writing), the Placing Agreement and the obligations of the parties thereunder in relation to the Placing shall cease and terminate at that time.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Termination of the Placing

The Placing Agent shall be entitled by notice in writing to the Company given prior to 8:00 a.m. on the Completion Date to terminate the Placing Agreement if in its opinion:

- (i) there is or will be, or is likely to be, any event or thing materially adverse to the general affairs, management, business, financial, trading or other condition or prospects of the Company or to any present or prospective Shareholder in its capacity as such or any event of force majeure having a material adverse effect on the PRC or Hong Kong;
- (ii) there is or will be, or is likely to be any new law or change in existing laws or any change in the interpretation or application thereof by any court or other competent authority in the PRC or Hong Kong having a material adverse effect on the Placing;
- (iii) if there is any suspension or limitation in the trading of Shares or trading in securities generally on the Stock Exchange and in the case of Shares such a thing persists for more than 10 consecutive trading days up to the Completion Date; or
- (iv) if there is any cancellation of the listing of Shares on the Stock Exchange.

If a termination notice is given by the Placing Agent, all obligations of the Company and the Placing Agent shall cease and determine and no party shall have any claim against any other parties in respect of any matter of thing arising out of or in connection with the Placing Agreement, save in respect of the indemnity given by the Company or for any antecedent breaches.

Completion of the Placing

Completion is expected to take place on a date falling three Business Days immediately after the date of the fulfillment of the closing conditions or such other date as Company and the Placing Agent shall agree in writing.

As completion of the Placing is subject to the satisfaction of a number of conditions under the Placing Agreement and the Placing is on a best effort basis, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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

Subject to completion of the Placing and assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be HK\$20,592,000. The Company intends to use the entire net proceeds of approximately HK\$20,133,120 from the Placing as the general working capital of the Group. The net proceeds raised per Placing Share will be approximately HK\$0.2237.

The Directors are of the view that the Placing will enlarge the shareholder base and the capital base of the Company. In addition, the net proceeds of the Placing will strengthen the Group's financial position for future development of the Group. Accordingly, they consider that the Placing is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES DURING THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately prior to the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE

The shareholding structures of the Company (i) as at the date of this announcement and (ii) immediately after completion of the Placing (assuming there is no change in the issued share capital of the Company between the date of this announcement and completion of the Placing) are set out below for illustration purpose:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	Number of shares	Approximate %	Number of Shares	Approximate %
Wonderland International Financial Holdings Limited (Note 1)	85,704,866	18.94	85,704,866	15.80
Mr. Pan Lihui (Note 2)	33,112,281	7.32	33,112,281	6.11
Public Shareholders:				
Placees	—	—	90,000,000	16.59
Other public Shareholders	<u>333,575,060.05</u>	<u>73.74</u>	<u>333,575,060.05</u>	<u>61.50</u>
Total	<u><u>452,392,207.05</u></u>	<u><u>100.00</u></u>	<u><u>542,392,207.05</u></u>	<u><u>100.00</u></u>

Note:

- Wonderland International Financial Holdings Limited is wholly-owned by Wonderland International Financial Holdings Corporation, which is in turn wholly-owned by Wonderland International Financial Holdings Company. Wonderland International Financial Holdings Company is owned by Hua Zhi Investment Limited as to 58.10%, which is owned by Mr. Li Gang, an Executive Director and the Chairman of the Company, as to 49.51%.
- Mr. Pan Lihui is an Executive Director of the Company.

IMPLICATIONS UNDER THE LISTING RULES

Wonderland International Financial Holdings Limited, which holds approximately 18.94% of the shareholdings of the Company is wholly-owned by Wonderland International Financial Holdings Corporation, which is the owner of all issued share capital of the Placing Agent. Wonderland International Financial Holdings Corporation is in turn wholly-owned by Wonderland International Financial Holdings Company. Wonderland International Financial Holdings Company is owned by Hua Zhi Investment Limited as to approximately 58.10%, which is owned by Mr. Li Gang, an Executive Director and the Chairman of the Company, as to approximately 49.51%. The Placing Agent is an associate of Wonderland International Financial Holdings Limited and Mr. Li Gang and is therefore a connected person of the Company within the meaning of the Listing Rules. The transaction between the Company and the Placing Agent under the Placing Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules. In view of the fact that Mr. Li Gang has material interest in the transaction, he has abstained from voting on the board resolutions approving this transaction.

Assuming that the Placing Shares are fully placed, the Placing Agent will receive a placing commission of approximately HK\$308,880 in cash to be deducted from the placing proceeds. As the relevant percentage ratios (other than the profits ratio) in respect of the placing commission and the brokerage fees under Rule 14.07 of the Listing Rules is less than 5% and the total consideration is less than HK\$3,000,000, the transaction constitutes a connected transaction which is fully exempt from independent Shareholders' approval, annual review and all disclosure requirements under Rule 14A.76(1) of the Listing Rules.

DEFINITIONS

In this announcement, the following terms shall have the meanings ascribed to them below unless the context otherwise requires:

“Board”	the Board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“Company”	Enviro Energy International Holdings Limited (Stock Code: 1102), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Completion Date”	the date falling three Business Days immediately after the date on which all the conditions set out in the Placing Agreement shall have been fulfilled, or such other date as the Company and the Placing Agent may agree in writing
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company

“General Mandate”	the mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 26 June 2020 to allot, issue and deal with up to 20% of the then issued share capital of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investor procured by the Placing Agent or its agent(s) to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	placing of up to 90,000,000 new Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Wonderland International Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities), type 2 regulated activity (dealing in futures contracts) and type 4 regulated activity (advising on securities)
“Placing Agreement”	a conditional placing agreement dated 6 September 2020 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.2288 per Placing Share
“Placing Shares”	up to 90,000,000 new Shares to be placed under the Placing
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) at par value of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code” the Code on Takeovers and Mergers in Hong Kong

“%” per cent

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

Hong Kong, 6 September 2020

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 four Independent Non-executive Directors, namely Mr. See Tak Wah, Mr. Li Jinyuan, Mr. Zhong Jian and Mr. Du Hongwei.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.