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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **Enviro Energy International Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

MAJOR AND CONNECTED TRANSACTION

PROVISION OF FINANCIAL ASSISTANCE TO AN INDEPENDENT THIRD PARTY FOR REPAYMENT OF ITS INDEBTEDNESS OWING TO DONGYIN FINANCE, A CONNECTED PERSON

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



A letter from the Board is set out on pages 5 to 16 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 17 to 18 of this circular. A letter from Lego Corporate Finance Limited, the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 31 of this circular.

A notice convening the Extraordinary General Meeting of Enviro Energy International Holdings Limited to be held at 1801-1803, 18/F, East Town Building, 41 Lockhart Road, Wanchai, Hong Kong on Wednesday, 10 July 2019 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend and vote at the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting (i.e. no later than 3:00 p.m. (Hong Kong time) on Monday, 8 July 2019) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting (or any adjournment thereof) if you so wish and in such event, the proxy will be deemed to be revoked.

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This circular is prepared in both English and Chinese.

In the event of inconsistency, the English text of this circular will prevail.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to such term under the Listing Rules
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“Board”	board of Directors
“Borrower”	深圳市瑞迅嘉科技有限公司(Shenzhen Ruixunjia Information Technology Company Limited*), a company established in the PRC and an Independent Third Party which, however, had lending-borrowing relationship with Dongyin Finance (including the DYF Indebtedness owing to Dongyin Finance), brief details of which are set out in the section headed “Letter from the Board” of this circular
“Company”	Enviro Energy International Holdings Limited (環能國際控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability and whose issued Shares are listed on the Stock Exchange (stock code: 1102)
“connected person(s)”	has the meaning ascribed to such term under the Listing Rules
“controlling shareholder”	has the meaning ascribed to such term under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dongyin Finance”	深圳市東銀金融控股有限公司(Shenzhen Dongyin Financial Holdings Company Limited*), a company established in the PRC, in which Mr. Li has a controlling interest
“DYF Indebtedness”	the indebtedness in the sum of RMB66.5 million owing by the Borrower to Dongyin Finance, some of which was repaid during the period from May to August 2018 through the application of the Loan Facility
“EGM”	the extraordinary general meeting of the Company (the notice of which is set out on page EGM-1 to EGM-2 of this circular) to be convened and held for the Independent Shareholders to consider and (if thought fit) approve and ratify the Original Loan Agreement, the Supplemental Agreement, the Tripartite Confirmation Agreement and the transactions contemplated thereunder, or any adjournment thereof
“EGM Notice”	the notice convening the EGM set out on pages EGM-1 to EGM-2 of this circular

DEFINITIONS

“Group”	the Company and its subsidiaries
“Handling Director”	Mr. Zhou Xuesheng, an executive Director of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee, comprising all the INEDs (namely, Mr. Wen Guangwei, Dr. Hou Chaohui and Mr. Jiang Maolin) established to make recommendations to the Independent Shareholders with regard to the Original Loan Agreement, the Supplemental Agreement, the Tripartite Confirmation Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders with regard to the Original Loan Agreement, the Supplemental Agreement, the Tripartite Confirmation Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) who is (are) not required to abstain from voting at the EGM to approve and ratify (among other matters) the Original Loan Agreement, the Supplemental Agreement, the Tripartite Confirmation Agreement and the transactions contemplated thereunder
“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) of the Company
“INED(s)”	independent non-executive Director(s)
“Latest Practicable Date”	19 June 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan drawn under the Loan Facility granted by QH Finance to the Borrower pursuant to the Original Loan Agreement
“Loan Facility”	the facility of up to RMB60 million which may be drawn by the Borrower and lent by QH Finance pursuant to the Original Loan Agreement

DEFINITIONS

“Mr. Li”	Mr. Li Sen (李森), who is an executive Director, the chairman of the Board and a substantial shareholder of the Company
“October Announcement”	the Company’s announcement dated 2 October 2018 on (among the matters) the provision of financial assistance to the Borrower for repayment of its indebtedness owing to Dongyin Finance
“Original Loan Agreement”	the loan agreement dated 1 May 2018 and entered into between QH Finance and the Borrower in respect of the grant of the Loan Facility
“QH Finance”	前海國興融資租賃(深圳)有限公司 (Qianhai Guoxing Finance Lease (Shenzhen) Company Limited*), a company established in the PRC and an indirect wholly owned subsidiary of the Company
“PRC”	the People’s Republic of China which for the purpose of this circular excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and modified from time to time
“Share(s)”	ordinary share(s) having a par value of HK\$0.0025 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
“subsidiary(ies)”	has the meaning ascribed to such term under the Listing Rules
“substantial shareholder”	has the meaning ascribed to such term under the Listing Rules
“Supplemental Agreement”	the supplemental agreement dated 3 May 2018 and entered into between QH Finance, the Borrower and Dongyin Finance, pursuant to which the Borrower directed QH Finance to make payment to Dongyin Finance of the principal amounts drawn under the Loan Facility

DEFINITIONS

“Tripartite Confirmation Agreement”

QH Finance, the Borrower and Dongyin Finance entered into the Tripartite Confirmation Agreement dated 24 December 2018, pursuant to which, QH Finance is the Lender of the Loan while 深圳市瑞訊嘉科技有限公司 (Shenzhen Ruixunjia Information Technology Company Limited*) is the Borrower of the Loan under the Original Loan Agreement and the Supplemental Agreement, and the three parties agreed that the Borrower shall repay the principal amounts and accrued interests under the Loan directly into QH Finance’s bank account in full instead of entrusting the repayment to Dongyin Finance

“%”

per cent.

* *For identification purposes only*

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Li Sen (*Chairman*)

Mr. Zhou Xuesheng (*Chief Executive Officer*)

Mr. Wei Junqing

Independent non-executive Directors:

Mr. Wen Guangwei

Dr. Hou Chaohui

Mr. Jiang Maolin

Registered office:

Cricket Square

Hutchins Drive

P. O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Room 1603-5, 16th Floor

Harcourt House

39 Gloucester Road

Wanchai

Hong Kong

24 June 2019

To the Shareholders

Dear Sir or Madam

MAJOR AND CONNECTED TRANSACTION

PROVISION OF FINANCIAL ASSISTANCE TO AN INDEPENDENT THIRD PARTY

FOR REPAYMENT OF ITS INDEBTEDNESS

OWING TO DONGYIN FINANCE, A CONNECTED PERSON

INTRODUCTION

Reference is made to the October Announcement in respect of the provision of financial assistance to the Borrower for repayment of its indebtedness owing to Dongyin Finance.

The purpose of this circular is to provide you with (i) further details of the Original Loan Agreement, the Supplemental Agreement, the Tripartite Confirmation Agreement and other information as prescribed by the Listing Rules; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Original Loan Agreement, the Supplemental Agreement, the Tripartite Confirmation Agreement and the transactions contemplated

LETTER FROM THE BOARD

thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the same matter; (iv) a notice of the EGM; and (v) other information as required under the Listing Rules.

THE ORIGINAL LOAN AGREEMENT

QH Finance and the Borrower entered into the Original Loan Agreement dated 1 May 2018 in respect of the Loan Facility of up to RMB60 million. Under the Original Loan Agreement, the Loan Facility is agreed to be available for drawdown from 1 May 2018 onward, and the maturity date of the principal amounts so drawn under the Loan Facility is 31 December 2018.

The principal terms of the Original Loan Agreement are set out as follows:

Date	:	1 May 2018
Parties	:	(a) QH Finance (as Lender); and (b) the Borrower (as Borrower)
Principal amount(s) which may be drawn under the Loan Facility	:	up to RMB60 million, the exact principal amount is the aggregate amounts drawn by the Borrower from QH Finance
Interest	:	interest shall accrue at an annualized rate of 15%, from the date(s) of drawdown(s) under the Loan Facility, until the repayment and payment of the principal amount and accrued interest in full
Term	:	the Loan Facility is available to be drawn from 1 May 2018 onward, and the maturity date of the principal amounts so drawn under the Loan Facility is 31 December 2018
Purpose	:	used as general working capital of the Borrower
Penalty	:	daily interest rate of 0.05% on the principal amount and accrued interest of the Loan until repayment in full
Security	:	no security or guarantee is given in favour of the Company in respect of the Loan

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, each of the Borrower and its ultimate beneficial owners is an Independent Third Party, other than it has lending-borrowing relationship with Dongyin Finance (including the DYF Indebtedness owing by the Borrower to Dongyin Finance as of 3 May 2018).

LETTER FROM THE BOARD

Mr. Tang Zhiqiang is the sole director and sole management of QH Finance, and he is also a supervisor of each of the Borrower and Dongyin Finance. With an aim to enhance the profitability of QH Finance, Mr. Tang Zhiqiang always look for opportunity to locate business opportunities for QH Finance. In or about the second quarter of 2018, the Borrower who is looking for financing at that material time, contacted Mr. Tang Zhiqiang for the possibility of obtaining finance which has matured to the execution of the Original Loan Agreement.

QH Finance conducted legal and financial due diligences before entering into the Original Loan Agreement, which included but not limited to obtaining the Borrower's background information, audited financial statements and the latest management accounts. Prior to entering into the Original Loan Agreement, Mr. Tang Zhiqiang, the sole director of QH Finance has taken measures listed below for risk evaluation on the Borrower for assessment of the credit risk and recoverability of the principal amount of the Loan under the Original Loan Agreement:

- (i) reviewed the documents of the Borrower obtained from legal and financial due diligence;
- (ii) reviewed the historical financials of the Borrower; and
- (iii) assess the business potential of the Borrower which might indirectly affect the Borrower's repayment capacity.

To the best of the Directors' knowledge and information, the Company did not have any involvement in the internal procedures gone through prior to entering into each of the Original Loan Agreement, the Supplemental Agreement and the Tripartite Confirmation Agreement.

Based on the financial statements of the Borrower provided to QH Finance, the assets and profit of the Borrower have been growing steadily in the past three years since the end of 2015. Therefore, Mr. Tang Zhiqiang, the sole director of QH Finance, was of the view that the industry of electronic components in which the Borrower is engaged in is currently at the beginning of a new cycle's uptrend as this industry continues to grow. As a distributor of electronic components in the industry which provides room to grow, the Borrower is considered to have become a direct beneficiary as potentials in the new applications of semi-conductors are being developed. As of 30 September 2018, the asset size of the Borrower was approximately RMB379 million. Its operating income in the last three years (i.e. from 2015 to 2017) was approximately RMB270 million, RMB450 million and RMB630 million respectively. To the best of the Directors' knowledge and information, Mr. Li did not have any involvement in relation to the granting of the Loan and the Loan Facility, including but not limited to the Original Loan Agreement, the Supplemental Agreement and the Tripartite Confirmation Agreement.

To the best of the Directors' knowledge and information, the Handling Director was being informed about the nature of the Supplemental Agreement to be entered into. The Handling Director misunderstood that the Loan was an entrustment loan (委託貸款) and accordingly the Handling Director approved the Loan without notifying or seeking approval from the Board or the finance department and company secretarial department of the Company in Hong Kong. Apart from that, the Handling Director did not have any involvement in handling the Original Loan Agreement and the Tripartite Confirmation Agreement.

LETTER FROM THE BOARD

After the granting of the Loan Facility, management accounts were obtained by the Group from the Borrower at the end of every quarter for timely monitor of its financial position.

THE SUPPLEMENTAL AGREEMENT

By the Supplemental Agreement dated 3 May 2018 and entered into by QH Finance, the Borrower and Dongyin Finance, the Borrower directed QH Finance to make payment of the amounts drawn under the Loan Facility to Dongyin Finance for the purpose of settling the DYF Indebtedness. Under the Supplemental Agreement, any drawing from the Loan Facility and paid to Dongyin Finance is solely provided to be settlement of the same amount under the DYF Indebtedness. Mr. Tang Zhiqiang knew at that time that the sole purpose of the Supplemental Agreement was for the settlement of DYF Indebtedness.

During the period from May to August 2018, a total of approximately RMB57.7 million was drawn by instalments under the Loan Facility and paid by QH Finance (as directed by the Borrower) to Dongyin Finance for repayment of the DYF Indebtedness.

Despite the entering into of the Supplemental Agreement, the interests accrued on the Loan remain to be payable by the Borrower to QH Finance on the maturity date of the Loan. No interest is payable by Dongyin Finance to QH Finance.

During the preparation of the interim results for the six months ended 30 June 2018, the making of the Loan came to the notice of the management of the Company and such information (together with the financial information of the Group and the draft interim results announcement) was given to the Board for consideration in mid-August 2018.

THE TRIPARTITE CONFIRMATION AGREEMENT

QH Finance, the Borrower and Dongyin Finance entered into the Tripartite Confirmation Agreement dated 24 December 2018, pursuant to which, QH Finance is the Lender of the Loan while 深圳市瑞訊嘉科技有限公司 (Shenzhen Ruixunjia Information Technology Company Limited*) is the Borrower of the Loan under the Original Loan Agreement and the Supplemental Agreement, and the three parties agreed that the Borrower shall repay the principal amounts and accrued interests under the Loan directly into QH Finance's bank account in full instead of entrusting the repayment to Dongyin Finance.

As of 24 December 2018, the Lender had provided a principal amounts of RMB57,735,450.83 under the Loan and accrued interests of RMB4,554,716.75. The sum of the principal amounts and the interests incurred is RMB62,290,167.58. On 24 December 2018, the Borrower had repaid the above principal amounts and interests of the Loan directly into the Lender's bank account in full. The Borrower and Dongyin Finance had fulfilled all of their obligations in respect of the Loan and there is not any debt payable by the Borrower and Dongyin Finance to the Lender.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE ORIGINAL LOAN AGREEMENT, THE SUPPLEMENTAL AGREEMENT AND THE TRIPARTITE CONFIRMATION AGREEMENT

The principal activity of QH Finance is financial leasing business. As disclosed in page 10 of the Company's Annual Report 2017 that on 14 March 2018, Enviro Energy Finance (BVI) Limited, a wholly owned subsidiary of the Company, has acquired the entire issued share capital of Quick Master Company Limited ("Quick Master") which holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). Accordingly, the money lending business is part and parcel of one of the principal business of the Company which is being developed by the Company. The granting of the Loan to the Borrower pursuant to the Original Loan Agreements is in the ordinary course of business of the Group. The Loan was funded by the Group's internal funding resources. QH Finance does not have a separate money lenders licence for carrying out the money lending business. As advised by PRC lawyer, the money lending business operated by QH Finance will not be invalid or in breach of PRC law merely due to the lack of money lenders licence. Due to the acquisition of Quick Master, the money lending arrangement in turn is in the ordinary course of business of the Group. The management of the Company is of the view that the entering into of the Original Loan Agreement and the Supplemental Agreement (i) provided the Group with better return than deposits generally offered by commercial banks in Hong Kong and the PRC; and (ii) would bring positive returns to the Group.

The terms of the Original Loan Agreement were negotiated on an arm's length basis between QH Finance and the Borrower with reference to the prevailing market interest rates based on the experience of the management of QH Finance and the amount of the Loan. After negotiation with the Borrower, Mr. Tang Zhiqiang of QH Finance and the Borrower have agreed to fix the interest rate to 15%. The Directors (including the INEDs after considering the opinion and advice from the Independent Financial Adviser) are of the view that the terms of the Original Loan Agreement were entered into on normal commercial terms. It is expected that a stable revenue will arise from the interest paid to the Group. The Directors (including the INEDs after considering the opinion and advice from the Independent Financial Adviser) consider that the terms of the Original Loan Agreement and the entering into of the Original Loan Agreement are fair and reasonable and in the interest of the Company and the Shareholders taken as a whole. The approval of the Directors for each of the Original Loan Agreement, the Supplemental Agreement and the Tripartite Confirmation Agreement was obtained by way of Board resolutions after the respective dates and the execution of the aforesaid agreements. As Dongyin Finance was wholly owned by Shenzhen Guangsen Investments Group Limited* ((深圳市廣森投資集團有限公司), in which Mr. Li had (and still has) material interest, Mr. Li has abstained from voting on the Board resolutions for approving and ratifying the Original Loan Agreement, the Supplemental Agreement and the Tripartite Confirmation Agreement under Chapter 14A of the Listing Rules. Save for Mr. Li, no Director was required to abstain from voting on the Board resolutions for approving and ratifying the Original Loan Agreement, the Supplemental Agreement and the Tripartite Confirmation Agreement.

The Directors (including the INEDs after considering the opinion and advice from the Independent Financial Adviser) are of the view that the terms of the Original Loan Agreement, the Supplemental Agreement and the Tripartite Confirmation Agreement are fair and reasonable, and the payment of the Loan to Dongyin Finance under the Supplemental Agreement was directed by the Borrower and the return of the principal amount and interest of the Loan to the Lender's bank account by the Borrower directly on 24 December 2018 under the Tripartite Confirmation Agreement are on normal commercial

LETTER FROM THE BOARD

terms and in the interest of the Company and the Shareholders as a whole. Save for Mr. Li, no Director was required to abstain from voting on the Board resolutions for approving and ratifying the Supplemental Agreement and the Tripartite Confirmation Agreement.

FINANCIAL EFFECTS OF THE GRANT OF THE LOAN FACILITY

The Loan Facility was granted after the Group having conducted internal risk assessment and legal and financial due diligence on the Borrower. Since the Loan was funded from the Group's internal resources arising from its business operations, it decreased the amount of bank balances and cash of the Group, while increased the Group's account receivables. Interests were generated from the Loan for the period from 1 May 2018 to 24 December 2018, being the date of full repayment of the Loan by the Borrower under the Loan Facility, and therefore the grant of the Loan Facility will have positive effects on the earnings of the Group. The Loan is expected to have no material impact on the consolidated assets and liabilities of the Group.

INFORMATION ABOUT THE PARTIES

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

The Borrower is principally engaged in the supply chain service of electronic components.

QH Finance is principally engaged in the provision of financial leasing services.

Dongyin Finance is principally engaged in financial information consultancy, provision of financial agency services, and carrying financial service subcontracts upon commissions from financial institutions.

IMPLICATIONS OF THE LISTING RULES

Since one of the applicable percentage ratios in respect of the Loan exceeds 25%, but all the applicable percentage ratios are less than 100%, the grant of the Loan Facility under the Original Loan Agreement constitutes a major transaction under Chapter 14 of the Listing Rules.

As at the date of the Supplemental Agreement, Dongyin Finance was wholly owned by Shenzhen Guangshen Investment Group Limited* (深圳市廣森投資集團有限公司), in which Mr. Li had (and still has) a controlling interest. Accordingly, Dongyin Finance was (and still is) a connected person of the Company. As the drawings under the Loan Facility were paid to Dongyin Finance for repayment of the DYF Indebtedness, the Supplemental Agreement and the related drawings pursuant to it are deemed to constitute a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules. Since one of the applicable percentage ratios in respect of the Loan exceeds 25%, and the total value of the financial assistance plus any monetary advantage to Dongyin Finance is more than HK\$10 million, the Supplemental Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under the Listing Rules. Accordingly, the Company has not complied with Rules 14.34, 14.38A, 14.40, 14A.35, 14A.36, 14A.46 of the Listing Rules for entering into the Original Loan Agreement and Supplemental Agreement.

LETTER FROM THE BOARD

REMEDIAL MEASURES TAKEN AND TO BE TAKEN

The Handling Director has also been requested and reminded to inform the finance department and company secretarial department of the Company in Hong Kong on all transactions having contract amount which is RMB2.6 million (or HK\$3 million) or above (for connected transaction cases) (the “**Threshold A**”) and RMB10 million (or HK\$11.5 million) or above (for any other cases) (the “**Threshold B**”) (before such transactions being entered into) and to provide such departments with additional information about the counterparties, and to cooperate with the finance department and company secretarial department in supplying information for such department to assess whether any disclosure or approval steps will be required under the Listing Rules or other applicable laws or regulations. The Threshold A and Threshold B were derived and set based on the percentage ratio(s) (as defined in the Listing Rules) calculated on the basis of the last 12 months historical financial records of the Group. Assuming the transaction value is equal to the Threshold A, the result of one or more of the applicable percentage ratio(s) is within the range of the lowest to highest amount of 0.18% to 0.63%. For Threshold B, the result of one or more of the applicable percentage ratio(s) is within the range of the lowest to highest amount of 0.60% to 2.09%. Accordingly, the result of one or more of the applicable percentage ratio(s) for the Threshold A and Threshold B will be far less than the relevant de minimis ratio and the de minimis transaction (as defined in the Listing Rules) respectively. In such case, the Company considers a safeguard buffer amount has been set for the Company’s management to follow for both the connected transaction cases; and other notifiable transaction cases. Further, the setting of the threshold will further provide a reference amount as guidance to the Company’s management to consider and follow. The above was the reasons for the adoption of the Threshold A and Threshold B.

Management of the Company has also drawn the incident to AVISTA PRO-WIS Risk Advisory Limited (“**AVISTA**”), which has been retained as internal control consultant to the Company to review on the compliance of the Original Loan Agreement, the Supplemental Agreement and the Tripartite Confirmation Agreement in February 2019.

As preliminarily identified and advised by AVISTA, below are the causes leading to the Company’s non-compliance with the Listing Rules and the corresponding recommendations and guidance and the remedial measures taken by the Group:

- Insufficient knowledge of staff of the Company as to the requirements of Chapters 14 and 14A of the Listing Rules. AVISTA recommended that trainings are to be held promptly and regularly for the staff of the Group to enhance their understanding of the Listing Rules. The Group has taken the advice of AVISTA, a training covering listing rules requirements of Chapters 14 and 14A is hosted by solicitors in Hong Kong in May 2019. Participants of the said training include the directors and independent non-executive directors of the Company, sole director and sole management of QH Finance, senior management of the Company and the relevant staff of all subsidiaries of the Group. The Company has further adopted and circulated the “Policy for Disclosable Transactions under Chapter 14 of the Listing Rules” and “Policy for Connected Transactions under Chapter 14A of the Listing Rules” to the relevant staff of the Group.

LETTER FROM THE BOARD

- No circulation of connected person list to the relevant staff within the Group. AVISTA recommended the circulation of connected person list to the financial department of the subsidiaries of the Group for better enforcement and compliance of Listing Rules. The Group after taken the advice of AVISTA has circulated of the latest “List of Connected Persons” to the relevant staff within the Group in May 2019.
- QH Finance did not seek legal advice from lawyers for the legality of the finance assistance. AVISTA recommended QH Finance should seek advice from lawyers in relation to the entering of agreements. To avoid such incident in future, the Board has approved and adopted the revised “Policy for Investments in Finance Lease Projects” in May 2019, that legal advice from lawyers should be sought before the commencement of any non-ordinary business.
- Insufficient assessment by QH Finance on the Borrower’s ability of repayment. AVISTA recommended that apart from the legal and financial due diligence work conducted by QH Finance before entering into the Original Loan Agreement, QH Finance should also require a pledge of security or guarantee or estimation of cash flow from the Borrower in order to assess the Borrower’s ability of repayment. The Company has adopted the revised “Policy for Investments in Finance Lease Projects” in May 2019, of which i) sufficient assessment on borrower’s ability of repayment should be made before entering the contract; ii) consider to obtain pledged assets or require to have guarantor in favour of the Group; and obtain cash flow forecast of the Borrower before execution of the borrowing. After the release of the loan, Finance Manager or Operation Manager should perform regular inspection over management accounts of the Borrower and conduct site visit of the Borrower.
- No circulation of new or revised internal control policies that are already implemented within the Group. AVISTA recommended that the Group should ensure that the internal control policies that are already implemented should be duly circulated within the Group and provide corresponding trainings to staff of the Group. The Board approved and implemented various revised internal control policies in May 2019 to enhance its internal control system within the Group. The newly adopted internal control policies are:
 - (i) Policy for Discloseable Transactions under Chapter 14 of the Listing Rules;
 - (ii) Policy for Connected Transactions under Chapter 14A of the Listing Rules;
 - (iii) Policy for Investments in Finance Lease Projects;
 - (iv) Business Development Policy;
 - (v) Contract Approval Form;
 - (vi) List of the Group’s Authorization Limit; and
 - (vii) Financial Reporting Policy.

The Company has also circulated the above internal control policies to its staff.

LETTER FROM THE BOARD

- No independence for the process of approval of agreements as Mr. Tang Zhiqiang is the sole director of QH Finance and also the sole keeper of the company chop of QH Finance. Also, there was no written documentation for the process of approval of agreements. AVISTA recommended that the approval of agreements should be carried out by different persons, other than the sole director or referrer, to avoid conflict of interests and written record should be kept for the result of approval of agreements. The Company has adopted and circulated an updated “Policy for Investments in Finance Lease Projects”, “Contract Approval Form” and “List of the Group’s Authorization Limit” which specify the required internal approval procedures before entering and signing of agreements in April 2019. Pursuant to the above policies, i) all the agreements involving contractual sum which equals to or exceeds RMB10,000,000 has to be reviewed by the Finance Manager, Deputy General Manager and General Manager and approved by the Finance Controller and the Board of Directors of the Group; ii) Prior to the signing of the agreements, Finance Manager should confirm the contemplated transaction has been approved by Finance Controller and Board of Directors with signatures (if the amount involved is RMB10,000,000 or above) or General Manager and Finance Manager with signatures (if the amount involved is less than RMB10,000,000); iii) If the referrer of the transaction is the person approving the transactions or has suspected conflict of interest or has connected relations over the transactions, that person cannot participate in the approval process of the Group; and iv) the approval for the transaction has to be documented on “Contract Approval Form” and all the required approval as stated in “List of the Group’s Authorization Limit” has to be obtained before signing the agreement.
- Lack of regular submission of financial reports by QH Finance to the Company. AVISTA recommended that QH Finance and other subsidiaries of the Company should submit their monthly financial statements and profit and losses and other relevant accounts breakdowns to the Group for the Group’s assessment of financial flow, abnormal and potential notifiable or connected transactions. Based on the recommendation from AVISTA, the Board has instructed QH Finance and all other subsidiaries to submit financial statements and general ledger monthly to Financial Controller for review since April 2019.

The Board in principle agrees with the said causes leading to the Company’s non-compliance with the Listing Rules.

The Company will ensure that the recommendations and guidance given by AVISTA for enhancing the Group’s internal control system and policies will be implemented.

The first review on non-compliance report was circulated in mid of April 2019. The Company is now reviewing the report and gathering the management responses from the subsidiaries of each finding as mentioned in the report and the first review report could be finalised once the Company responded and replied.

In view of the deficiencies preliminarily identified by AVISTA, the Board has been actively involved in the review of internal procedures of the Group, including advising on and making amendments to the non-compliance report. It is expected that the non-compliance report will be finalized no later than mid of June, 2019.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

The EGM is scheduled to be held at 1801-1803, 18/F, East Town Building, 41 Lockhart Road, Wanchai, Hong Kong, on Wednesday, 10 July 2019. For determining the entitlement of the shareholders of the Company to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 5 July 2019 to Wednesday, 10 July 2019 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be entitled to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. (Hong Kong time) on Thursday, 4 July 2019.

EGM

A resolution for approving and ratifying each of the Original Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder and resolutions for approving the proposed re-election of directors will be proposed at the EGM.

A notice convening the EGM to be held at 1801-1803, 18/F, East Town Building, 41 Lockhart Road, Wanchai, Hong Kong on Wednesday, 10 July 2019 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular.

In accordance with the Listing Rules, any connected person or Shareholder and its associates with a material interest in the Original Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder must abstain from voting on the resolution to approve and ratify the Original Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder at the EGM.

By virtue of Mr. Li's interests in the Supplemental Agreement, Mr. Li and his associates as stated below are required to abstain from voting on the relevant resolution to be proposed at the EGM. As at the Latest Practicable Date, Mr. Li (through his solely-owned company, namely, Able Victory Enterprises Limited) held in aggregate of 2,207,485,423 Shares, representing about 24.4% of the entire issued share capital in the Company.

Name of associate of Mr. Li	Number of Shares
Able Victory Enterprises Limited	2,207,485,423

To the best of the Directors' knowledge and information, no Shareholders (other than Mr. Li and his associates) have a material interest in the Original Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder, and no Shareholders (other than Mr. Li and his associates) are required to abstain from voting on the ordinary resolution in relation to the Original Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder to be proposed at the EGM.

The voting of the EGM will be taken by way of poll.

A form of proxy for the EGM is enclosed herewith. Whether or not Shareholders are able to attend and vote at the EGM, they are requested to complete the enclosed form of proxy and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions

LETTER FROM THE BOARD

printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM (i.e. no later than 3:00 p.m. (Hong Kong time) on Monday, 8 July 2019) or any adjournment thereof. Completion and return of the form of proxy will not prevent Shareholders from attending and voting at the EGM (or any adjournment thereof) if they so wish and in such event, the proxy will be deemed to be revoked.

The results of the poll shall be deemed to be the resolution of the general meeting in which the poll was demanded or required and the poll results will be published on the websites of Stock Exchange (www.hkexnews.hk) and the Company (www.enviro-energy.com.hk) after the EGM.

LISTING RULES REQUIREMENT

For the purpose of compliance with Rule 13.39(4) of the Listing Rules, the Company will procure the Chairman of the EGM to demand for a poll for the resolutions put to the vote of the EGM in accordance with the Articles of Association.

RECOMMENDATIONS

Given that (i) the principal terms of the Loan Facility are in line with the then prevailing market practice; (ii) the main purpose of entering into the Supplemental Agreement is to direct the payment of the Loan by the Borrower for the repayment of the DYF Indebtedness owing by the Borrower to Dongyin Finance, (iii) the interests accrued on the Loan shall remain to be payable by the Borrower to QH Finance; (iv) all other major terms under the Original Loan Agreement remain the same; and (v) the direct repayment of the principal amount and accrued interest on the Loan to QH Finance by the Borrower under the Tripartite Confirmation Agreement is for facilitation of the repayment arrangement of the Loan under the Original Loan Agreement and the Supplemental Agreement and QH Finance has received such repayment in full, the Directors (including all the INEDs after considering the advice of the Independent Financial Adviser) consider that the terms of the Original Loan Agreement and the Supplemental Agreement are fair and reasonable, and the payment of the Loan to Dongyin Finance under the Supplemental Agreement was directed by the Borrower and is on normal commercial terms and in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Independent Shareholders to vote in favour of the resolution set out in the EGM Notice.

FURTHER INFORMATION

The Independent Board Committee comprising all three INEDs has been established to recommend the Independent Shareholders in respect of the Original Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder. Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in such regard.

LETTER FROM THE BOARD

Accordingly, your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 17 to 18 of this circular, which contains its recommendations to the Independent Shareholders; (ii) the letter from the Independent Financial Adviser set out on pages 19 to 31 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders; and (iii) the financial information of the Group; and (iv) the general information set out in the Appendix to this circular.

Yours faithfully
For and on behalf of the Board of
Enviro Energy International Holdings Limited
Wei Junqing
Executive Director



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)

24 June 2019

To the Independent Shareholders

Dear Sir or Madam

MAJOR AND CONNECTED TRANSACTION

We refer to the circular of the Company dated 24 June 2019 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context otherwise requires.

In compliance with the Listing Rules, we have been appointed to advise the Independent Shareholders as to whether, in our opinion, the terms of the Original Loan Agreement, the Supplemental Agreement and the Tripartite Confirmation Agreement are fair and reasonable, and the payment of the Loan to Dongyin Finance was directed by the Borrower and is on normal commercial terms and in the interests of the Company and the Shareholders as a whole so far as the Independent Shareholders are concerned. In this connection, Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Original Loan Agreement, the Supplemental Agreement, the Tripartite Confirmation Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board set out on pages 5 to 16 of the Circular, and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 19 to 31 of the circular which contains its opinion in respect of the Original Loan Agreement, the Supplemental Agreement, the Tripartite Confirmation Agreement and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Original Loan Agreement and the Supplemental Agreement and having taken into account the advice of the Independent Financial Adviser and its recommendation in relation thereto, we consider that although the Original Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder are not conducted by the Company in its ordinary and usual course of business, the terms of the Original Loan Agreement and the Supplemental Agreement are normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that you vote in favour of the resolution set out in the notice of the EGM.

Yours faithfully,
Independent Board Committee of
Enviro Energy International Holdings Limited
Wen Guangwei Dr. Hou Chaohui Jiang Maolin

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, in respect of the Original Loan Agreement, the Supplemental Agreement, the Tripartite Confirmation Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



24 June 2019

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**MAJOR AND CONNECTED TRANSACTION
PROVISION OF FINANCIAL ASSISTANCE
TO AN INDEPENDENT THIRD PARTY
FOR REPAYMENT OF ITS INDEBTEDNESS
OWING TO DONGYIN FINANCE, A CONNECTED PERSON**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the connected transactions contemplated under the Original Loan Agreement, the Supplemental Agreement and the Tripartite Confirmation Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 24 June 2019 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

QH Finance, an indirect wholly owned subsidiary of the Company, and the Borrower entered into the Original Loan Agreement dated 1 May 2018 in respect of the Loan Facility of up to RMB60 million. Under the Original Loan Agreement, the Loan Facility is agreed to be available for drawdown from 1 May 2018 onward, and the maturity date of the principal amounts so drawn under the Loan Facility is 31 December 2018.

By the Supplemental Agreement dated 3 May 2018 and entered into by QH Finance, the Borrower and Dongyin Finance, the Borrower directed QH Finance to make payment of the amounts drawn under the Loan Facility to Dongyin Finance for the purpose of settling the DYF Indebtedness. Under the Supplemental Agreement, any drawing from the Loan Facility and paid to Dongyin Finance is solely provided to be settlement of the same amount under the DYF Indebtedness.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Since one of the applicable percentage ratios in respect of the Loan exceeds 25%, but all the applicable percentage ratios are less than 100%, the grant of the Loan Facility under the Original Loan Agreement constitutes a major transaction under Chapter 14 of the Listing Rules. As at the date of the Supplemental Agreement, Dongyin Finance was wholly owned by Shenzhen Guangshen Investment Group Limited* (深圳市廣森投資集團有限公司), in which Mr. Li had (and still has) a controlling interest. Accordingly, Dongyin Finance was (and still is) a connected person of the Company. As the drawings under the Loan Facility were paid to Dongyin Finance for repayment of the DYF Indebtedness, the Supplemental Agreement and the related drawings pursuant to it are deemed to constitute a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules. Since one of the applicable percentage ratios in respect of the Loan exceeds 25%, and the total value of the financial assistance plus any monetary advantage to Dongyin Finance is more than HK\$10 million, the Supplemental Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under the Listing Rules. Accordingly, the Company has not complied with Rules 14.34, 14.38A, 14.40, 14A.35, 14A.36 and 14A.46 of the Listing Rules for entering into the Original Loan Agreement and the Supplemental Agreement.

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve and ratify the Original Loan Agreement, the Supplemental Agreement, the Tripartite Confirmation Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge and information, no Shareholders (other than Mr. Li and his associates) have a material interest in the Original Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder, and no Shareholders (other than Mr. Li and his associates) are required to abstain from voting on the ordinary resolution in relation to the Original Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder to be proposed at the EGM.

The Independent Board Committee comprising all the INEDs, namely Mr. Wen Guangwei, Dr. Hou Chaohui and Mr. Jiang Maolin, has been formed pursuant to the Listing Rules to advise the Independent Shareholders on the terms of the Original Loan Agreement, the Supplemental Agreement and the Tripartite Confirmation Agreement and to make a recommendation as to (i) whether the terms of the Original Loan Agreement, the Supplemental Agreement and the Tripartite Confirmation Agreement are fair and reasonable; (ii) whether the Original Loan Agreement, the Supplemental Agreement and the Tripartite Confirmation Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the entering into of the Original Loan Agreement, the Supplemental Agreement and the Tripartite Confirmation Agreement are in the interests of the Company and the Shareholders as a whole; and (iv) how to vote with respect to the relevant resolution(s) at the EGM. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships with or interests in the Company that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, there was no engagement between the Group and Lego Corporate Finance Limited. Apart from normal professional fees paid or payable to us in connection with our appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company. Accordingly, we are qualified to give independent advice in relation to the Original Loan Agreement, the Supplemental Agreement, the Tripartite Confirmation Agreement and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information provided by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the EGM and all such statements of belief, opinions and intention of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the management of the Company, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and/or the management of the Group are true, accurate, complete and not misleading in all material respects at the time they were made and continue to be so until the date of the EGM. The Company shall inform the Independent Shareholders as soon as possible if there is any material change to such information in accordance with the Listing Rules on or before the date of the EGM.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or any of its respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendations, we have taken into account the following principal factors and reasons:

1. Background information of the Group

The Group is principally engaged in trading of building materials, investment holding and properties investment. Set out in Table 1 below are certain consolidated financial information of the Group for each of the three years ended 31 December 2016, 2017 and 2018, as extracted from the annual report of the Company for the year ended 31 December 2017 (the “**Annual Report 2017**”) and the annual report of the Company for the year ended 31 December 2018 (the “**Annual Report 2018**”), respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table 1: Financial highlights of the Group

	For the year ended 31 December		
	2018	2017	2016
	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>
Revenue from continuing operations			
Properties investment	4,270	3,967	1,022
Investment holding	–	977	7,435
Trading of building materials	<u>881,601</u>	<u>49,587</u>	<u>–</u>
	<u>885,871</u>	<u>54,531</u>	<u>8,457</u>
Loss from continuing operations	(14,531)	(50,855)	(19,241)
Profit/(loss) from discontinued operations	–	(43,045)	(67,923)
Loss for the year attributable to owners of the Company	(14,531)	(93,900)	(34,849)
		As at 31 December	
	2018	2017	2016
	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>
Non-current assets	351,617	565,654	483,876
Current assets	462,283	619,648	157,275
Current liabilities	236,451	577,169	209,798
Net current assets/(liabilities)	225,832	42,479	(52,523)
Non-current liabilities	1,658	4,895	–
Net assets	575,791	603,238	431,353

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the year ended 31 December 2017

For the year ended 31 December 2017, the Group recorded revenue from its continuing operations of approximately HK\$54.53 million, representing a substantial increase of approximately 544.56% as compared to approximately HK\$8.46 million for the previous year. Based on the Annual Report 2017, such growth in revenue was mainly attributable to the start up of trading of building materials in 2017. As noted from Table 1 above, the trading of building materials recorded revenue of approximately HK\$49.59 million for the year ended 31 December 2017, representing over 90% of the total revenue from the Group's continuing operations for the year.

The Group recorded loss attributable to owners of the Company of approximately HK\$93.90 million for the year ended 31 December 2017, representing an increase of approximately 169.44% from the loss attributable to owners of the Company of approximately HK\$34.85 million for the previous year. The Group recorded loss from continuing operations of approximately HK\$50.86 million for the year ended 31 December 2017, which had widened by approximately 164.35% from the loss from continuing operations of approximately HK\$19.24 million for the previous year. With reference to the Annual Report 2017, it is noted that such increase in loss was primarily attributable to the decrease in fair value on investment properties, the increase in administrative and operating expenses and the increase in finance cost for the year ended 31 December 2017.

As at 31 December 2017, the net current assets and net assets of the Group amounted to approximately HK\$42.48 million and approximately HK\$603.24 million, respectively.

For the year ended 31 December 2018

For the year ended 31 December 2018, the Group recorded revenue from its continuing operations of approximately HK\$885.87 million, representing a substantial growth of approximately 1,524.56% as compared to approximately HK\$54.53 million for the previous year. Based on the Annual Report 2018, such increase in revenue was primarily attributable to the start up of trading of building materials business at the end of 2017. As seen from Table 1 above, the trading of building materials recorded revenue of approximately HK\$881.60 million for the year ended 31 December 2018, representing over 99% of the Group's total revenue from continuing operations for the year.

The Group recorded loss from continuing operations and loss attributable to owners of the Company of approximately HK\$14.53 million for the year ended 31 December 2018, which narrowed by approximately 84.53% from the loss attributable to owners of the Company of approximately HK\$93.90 million for the previous year. According to the Annual Report 2018, we noted that such reduction in loss was mainly attributable to (i) the decrease in fair value loss on investment properties; and (ii) the recognition of interest income from loan receivables for the year ended 31 December 2018, which was absent for the previous year.

As at 31 December 2018, the net current assets and net assets of the Group amounted to approximately HK\$225.83 million and approximately HK\$575.79 million, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Reasons for and benefits of entering into the Original Loan Agreement and the Supplemental Agreement

QH Finance, being the lender of the Loan, is principally engaged in the provision of financial leasing services. As disclosed in the Letter from the Board, the management of the Company is of the view that the entering into of the Original Loan Agreement and the Supplemental Agreement (i) provided the Group with better return than deposits generally offered by commercial banks in Hong Kong and the PRC; and (ii) would bring positive returns to the Group. Pursuant to the Supplemental Agreement, the Borrower directed QH Finance to make payment of the amounts drawn under the Loan Facility to Dongyin Finance for the purpose of settling the DYF Indebtedness in the sum of RMB66.5 million. During the period from May to December 2018, a total of approximately RMB57.7 million was drawn by instalments under the Loan Facility and paid by QH Finance (as directed by the Borrower) to Dongyin Finance for repayment of the DYF Indebtedness. Since the granting of the Loan Facility, management accounts were obtained by the Group from the Borrower at the end of every quarter for timely monitor of its financial position.

Financial position of the Group

It is noted from the interim report of the Company for the six months ended 30 June 2018 (the “**Interim Report 2018**”) that, taking into consideration the amount of liquid assets of the Group on hand and the unutilised loan facility as at 30 June 2018, the Company is of the view that the Group had sufficient financial resources to meet its ongoing operational needs. With reference to the Interim Report 2018, as at 30 June 2018, the current assets of the Group amounted to approximately HK\$466.70 million, which comprised (i) deposits, prepayments and other receivables of approximately HK\$335.71 million; (ii) amount due from a related company of approximately HK\$61.31 million; (iii) trade receivables of approximately HK\$17.08 million; (iv) bank balances and cash of approximately HK\$11.91 million; and (v) assets classified as held for sale of approximately HK\$40.70 million. We noted that the credit period of the Group’s trade items with its customers generally ranged from 30 to 180 days and as at 30 June 2018, more than 75% of the trade receivables of the Group shall be settled within 90 days which, in our view, are relatively liquid. The net current assets of the Group amounted to approximately HK\$50.64 million as at 30 June 2018. The debt to equity ratio and net debt to equity ratio of the Group, which were calculated by dividing total interest-bearing debt by total equity and dividing total interest-bearing debt less bank balances and cash by total equity, amounted to approximately 44% and 42%, respectively, indicating a relatively healthy debt level of the Group. The debt to equity ratio and net debt to equity ratio are commonly adopted financial ratios that indicate the overall borrowing level of a company as compared to its equity which, in our view, represents a meaningful analysis of indebtedness of the Group. During the period from May to December 2018, approximately RMB57.7 million, representing more than 96% of the maximum amount of the Loan Facility available for drawdown, was drawn by instalments and paid by QH Finance (as directed by the Borrower) to Dongyin Finance for repayment of the DYF Indebtedness. On the other hand, we have obtained and reviewed the breakdown of cash flow requirements prepared by the Group up to 31 March 2020 and noted that the estimated internal resources of the Group would sufficiently cover the cash flow requirement of the Group for operation of its principal business. Taking into consideration the above factors and based on the confirmation on working capital sufficiency of the Group by the accountants of the Company, being Certified Public Accountants, the Group will have sufficient working capital to satisfy its business operations for at least the next twelve months.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial capability of the Borrower

With reference to the information provided by management of the Company, we noted that the Borrower is a company established in the PRC with limited liability in 2005. As disclosed in the Letter from the Board, the Borrower is principally engaged in the supply chain service of electronic components. For the purpose of assessing the creditworthiness of the Borrower, we have obtained and reviewed the financial statements of the Borrower for the three years ended 31 December 2015, 2016 and 2017 and the respective management accounts of the Borrower for the three months ended 31 March 2018 and for the nine months ended 30 September 2018 and noted that there had been no bad debts incurred by the Borrower during such period of review. In addition, as advised by management of the Company, the Borrower had no record of default in repayment on the bank credits obtained. Based on our review, we noted that the revenue and net profit of the Borrower showed year-on-year growth for the previous years from 2015 to 2017. As at 31 March 2018, the total assets of the Borrower amounted to approximately RMB384.03 million which was to a large extent made up by the current assets of approximately RMB381.95 million which primarily comprised cash of approximately RMB153.27 million, inventories of approximately RMB118.89 million and account receivables of approximately RMB97.58 million. The total liabilities and current liabilities of the Borrower amounted to approximately RMB359.61 million. As at 31 March 2018, the current ratio of the Borrower amounted to around 1.06, calculated by dividing current assets by current liabilities, indicating that the Borrower is able to pay off its debts with its assets when they fall due. As at 31 March 2018, the net assets of the Borrower amounted to approximately RMB24.43 million. As an additional reference of the Borrower's financial standing, we have further obtained and reviewed the latest available management accounts of the Borrower which is subsequent to the date of the Original Loan Agreement and before the maturity date of the Loan Facility in December 2018. As at 30 September 2018, the total assets of the Borrower amounted to approximately RMB379.34 million which comprised of, among other things, cash of approximately RMB130.33 million, inventories of approximately RMB118.89 million and account receivables of approximately RMB114.10 million. The net assets of the Borrower amounted to approximately RMB35.40 million as at 30 September 2018. Based on the information provided by the Company, the account receivables of the Borrower had an average collection period of around six months. Further, as a distributor of electronic components, we noted that the Borrower had an inventory turnover of more than six times over a year, which is calculated as annual sales divided by average inventories based on the financial statements of the Borrower for the year ended 31 December 2017. In light of the foregoing and notwithstanding that the respective net assets of the Borrower as at 31 March 2018 and 30 September 2018 were insufficient to cover the Loan Facility in the maximum principal amount of RMB60 million, taking into account the cash level of the Borrower, and the aggregate value of its inventories and account receivables as at 31 March 2018 and 30 September 2018 as respectively mentioned above are realisable into cash on a short term basis which, together with the cash on hand, accounted for over 90% of the total assets of the Borrower, we are of the view that the assets of the Borrower are relatively liquid.

In view of (i) the positive financial position of the Group, in particular its cash balance and debt level as at 30 June 2018; (ii) the sufficient level of working capital for the Group to fulfill its business operation; (iii) the interest income receivable by the Group at the interest rate of 15% per annum associated with the Loan Facility; (iv) that the provision of the Loan Facility by QH Finance (which possesses the license required for operation of financial leasing activities since 2016) represents an initial step for the Group to tap into the lending business in the PRC; and (v) the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

establishment history, growing operating results and financial liquidity of the Borrower, we consider that it is fair and reasonable for the Group to utilise part of its internal resources on a short-term basis in return for interest income in connection with the provision of the Loan Facility, which is beneficial to the Company and the Shareholders as a whole.

3. Principal terms of the Original Loan Agreement, the Supplemental Agreement and the Tripartite Confirmation Agreement

Set out below is a summary of the principal terms of the Original Loan Agreement:

Date	:	1 May 2018
Parties:		(a) QH Finance (as Lender); and (b) the Borrower (as Borrower)
Principal amount(s) which may be drawn under the Loan Facility	:	up to RMB60 million, the exact principal amount is the aggregate amounts drawn by the Borrower from QH Finance
Interest	:	interest shall accrue at an annualised rate of 15%, from the date(s) of drawdown(s) under the Loan Facility, until the repayment and payment of the principal amount and accrued interest in full
Term	:	the Loan Facility is available to be drawn from 1 May 2018 onward, and the maturity date of the principal amounts so drawn under the Loan Facility is 31 December 2018
Purpose	:	used as general working capital of the Borrower
Penalty	:	daily interest rate of 0.05% on the principal amount and accrued interest of the Loan until repayment in full
Security	:	no security or guarantee is given in favour of the Company in respect of the Loan

As disclosed in the Letter from the Board, the terms of the Original Loan Agreement were negotiated on an arm's length basis between QH Finance and the Borrower with reference to the prevailing market interest rates based on the experience of the management of QH Finance and the amount of the Loan. In assessing the fairness and the reasonableness of the principal terms of the Original Loan Agreement, we have primarily made reference to the then prevailing transactions involving the provision of loans/loan facilities conducted by listed issuers in Hong Kong.

We have conducted independent research from the public domain on comparable transactions (the "Comparables") which (i) were announced by companies listed on the Stock Exchange during the four-month period prior to 1 May 2018, being the date of the Original Loan Agreement, which in our view

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represents a sufficient period of time to reflect the then prevailing market conditions for conducting such transactions when the Company first entered the Original Loan Agreement; (ii) involved the provision of loans/loan facilities with principal amounts within the range of RMB10 million and RMB100 million by companies listed in Hong Kong which in our view, represents a reasonable loan size comparable to that of the Loan Facility in the maximum amount of RMB60 million; (iii) constituted notifiable and/or connected transactions of the issuers as defined in the Listing Rules or GEM Listing Rules; and (iv) required no security and guarantee over the underlying loans/loan facilities. Given that the classification of notifiable transaction as required under the Listing Rules or GEM Listing Rules depends on, among others, the financial performance and position of the respective listed issuers which is unique and distinct in nature, and that our analysis is mainly concerned with the principal terms of the loan agreements and we are not aware of any established evidence showing any correlation between the type of notifiable transaction that the Comparables may fall under and the principal terms of the underlying loan agreements, we consider that it is not relevant to take into account the type of notifiable transaction for the purpose of our analysis and therefore, when selecting the Comparables, we have included comparable transactions which constituted all types of notifiable transactions.

Shareholders should note that the business, operations and prospects of the Comparables may not be identical to those of the Company and we have not conducted any detailed investigation into the respective businesses and operations of the Comparables. Nevertheless, we consider that the Comparables could provide a general reference as to the common market practice of companies listed in Hong Kong for conducting similar transactions under the Original Loan Agreement. To the best of our knowledge and on a best-effort basis, we have identified an exhaustive list of 8 Comparables which fit the aforementioned selection criteria. Set out in Table 2 below is a summary of the Comparables.

Table 2: A summary of the Comparables

Name of company	Stock code	Date of announcement	Interest rate per annum (%)	Term to maturity (Month(s))	Whether it is a connected transaction (Yes/No)	Principal amount (RMB'million) (Note 1)	Type of notifiable transaction (Note 3)
First Credit Finance Group Limited	8215	30/4/2018	8.5	24	No	15.65	Discloseable
Lee's Pharmaceutical Holdings Limited	950	24/4/2018	4	12	Yes	10.43 (Note 2)	Not applicable (Note 3)
China Gem Holdings Limited	1191	16/4/2018	10	6	No	52.17	Discloseable (Note 4)
PPS International (Holdings) Limited	8201	16/4/2018	18	3	No	13.04	Discloseable
Boill Healthcare Holdings Limited	1246	7/2/2018	10	12	Yes	30	Not applicable (Note 3)
Ban Loong Holdings Limited	30	22/1/2018	19.2	12 (Note 5)	No	13.04	Discloseable

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Name of company	Stock code	Date of announcement	Interest rate per annum (%)	Term to maturity (Month(s))	Whether it is a connected transaction (Yes/No)	Principal amount (RMB'million) (Note 1)	Type of notifiable transaction
HMV Digital China Group Limited	8078	16/1/2018	10	10	No	31.30	Discloseable (Note 6)
Yongsheng Advanced Materials Company Limited	3608	11/1/2018	6.5	6	No	50	Discloseable (Note 7)
		Maximum	19.20	24			
		Minimum	4	3			
		Average	10.78	10.63			
The Company	1102		15	8	Yes	60	Major

Source: The official website of the Stock Exchange (www.hkex.com.hk)

Notes:

- For our analysis purpose, the principal amounts of the loan/loan facility which are denominated in HK\$ as disclosed in the announcements of the Comparables were translated to RMB based on the approximate conversion rate of RMB1.00 to HK\$1.15.
- Based on the announcement of the Comparable, the underlying loan in the principal amount of HK\$10 million shall be extended for a further one year and an additional loan in the principal amount of HK\$2 million shall be advanced to the borrower with a term of one year. For our analysis purpose, the aggregate principal amount of HK\$12 million was included.
- The size of the underlying transaction did not constitute a notifiable transaction as defined in the Listing Rules.
- As disclosed in the announcement of the Comparable, the loan agreement in respect of the loan amount of HK\$60 million, when aggregated with the loan amount of HK\$25 million of the prior loan agreement, constituted a discloseable transaction under the Listing Rules.
- As disclosed in the announcement of the Comparable, the loan was renewed for twelve months under the same terms and conditions (including the interest rate).
- As disclosed in the announcement of the Comparable, the loan agreement in respect of the loan amount of HK\$36 million, when aggregated with the loan amount of HK\$20 million of the prior loan transaction, constituted a discloseable transaction under the GEM Listing Rules.
- As disclosed in the announcement of the Comparable, the entrusted loan agreement in respect of the loan amount of RMB50 million, when aggregated with the loan amount of HK\$50 million of the prior entrusted loan agreement, constituted a discloseable transaction under the Listing Rules.
- Based on our review, we noted that the requirements for security/guarantee over the relevant loans/loan facilities were not disclosed in some of the identified announcements of the Comparables. Given that the requirement for security is a principal term of a loan/loan facility, we consider that it is reasonable to assume that the loans/loan facilities underlying those Comparables were unsecured/required no guarantee.

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A. Interest rate

As shown in Table 2 above, the interest rates of the Comparables ranged from 4% to 19.20% with an average of approximately 10.78% per annum. The interest rate of the Loan Facility of 15% per annum is therefore within the interest rate range of the Comparables and above the average interest rate of the Comparables.

B. Maturity

As illustrated in Table 2, the terms to maturity of the Comparables ranged from 3 months to 24 months with an average term to maturity of 10.63 months. The term of the Loan Facility of 8 months falls within the range of that of the Comparables and is lower than the average term of the Comparables.

In light of the above, it is observed that the unsecured nature of the Loan Facility is common in the market and the principal terms of the Original Loan Agreement, including the interest rate per annum, the term to maturity, are in line with the then prevailing market practice.

The Supplemental Agreement

Pursuant to the Supplemental Agreement, the Borrower directed QH Finance to make payment of the amounts drawn under the Loan Facility to Dongyin Finance for the purpose of settling the DYF Indebtedness. Under the Supplemental Agreement, any drawing from the Loan Facility and paid to Dongyin Finance is solely provided to be settlement of the same amount under the DYF Indebtedness.

The Tripartite Confirmation Agreement

Pursuant to the Tripartite Confirmation Agreement, the Borrower shall repay the principal amounts and accrued interests under the Loan directly into QH Finance's bank account in full instead of entrusting the repayment to Dongyin Finance.

As of 24 December 2018, the Lender had provided a principal amount of RMB57,735,450.83 under the Loan and accrued interests of RMB4,554,716.75. The sum of the principal amounts and the interests incurred is RMB62,290,167.58. On 24 December 2018, the Borrower had repaid the above principal amounts and interests of the Loan directly into the Lender's bank account in full. The Borrower and Dongyin Finance had fulfilled all of their obligations in respect of the Loan and there is not any debt payable by the Borrower and Dongyin Finance to the Lender.

Given that (i) the principal terms of the Loan Facility are in line with the then prevailing market practice; (ii) the main purpose of entering into the Supplemental Agreement is to direct the payment of the Loan by the Borrower for the repayment of the DYF Indebtedness owing by the Borrower to Dongyin Finance; (iii) the interests accrued on the Loan shall remain to be payable by the Borrower to QH Finance; (iv) all other major terms under the Original Loan Agreement remain the same; and (v) the direct repayment of the principal amount and accrued interest on the Loan to QH Finance by the Borrower under the Tripartite Confirmation Agreement is to facilitate the repayment arrangement of the Loan under the Original Loan Agreement and the Supplemental Agreement and QH Finance has received such repayment in full, we consider that the terms of the

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Original Loan Agreement, the Supplemental Agreement and the Tripartite Confirmation Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. Financial effects of the Original Loan Agreement, the Supplemental Agreement and the Tripartite Confirmation Agreement

Net assets

As disclosed in the Letter from the Board, the Loan was funded from the Group's internal resources arising from its business operations. The Loan Facility in the principal amount of up to RMB60 million is available for drawdown from 1 May 2018 to 31 December 2018. As at 24 December 2018, a total of approximately RMB57.7 million was drawn by instalments, the bank balances and cash of the Group had decreased by the same amount while the amounts of other receivables under the current portion of total assets of the Group had increased correspondingly. As a result, the current assets and net assets of the Group would remain unchanged. There were no overall effects on the current assets and net assets of the Group upon repayment of the Loan on 24 December 2018.

Earnings

Pursuant to the Original Loan Agreement, interests in respect of the Loan shall accrue at an annualised rate of 15% from the respective dates of drawdown under the Loan Facility until repayment of the principal amount and payment of the accrued interests in full. Based on the principal amount of approximately RMB57.7 million so drawn, the total interests accrued amounted to approximately RMB4.6 million. The Borrower has fully repaid the principal amount and the interest accrued thereon in the aggregate amount of approximately RMB62.3 million to the QH Finance directly in accordance with the Tripartite Confirmation Agreement on 24 December 2018. Accordingly, the provision of the Loan Facility by QH Finance to the Borrower had generated interest income for the Group for the year ended 31 December 2018.

Liquidity and working capital

As at 24 December 2018, a total of approximately RMB57.7 million was drawn and hence, the cash balance of the Group had decreased by the same amount accordingly. Therefore, the liquidity and working capital position of the Group had been reduced. Immediately upon the repayment of the Loan which already took place on 24 December 2018, the liquidity and working capital position had been restored.

In view of the above financial effects, notwithstanding that the liquidity of the Group had decreased as a result of the Loan, taking into account that (i) the provision of the Loan had allowed the Group to earn additional interest income from its idle fund and accordingly enhance its earnings; and (ii) the Company possessed the financial capability to offer the Loan Facility to the Borrower, we consider that the overall financial effects on the Group from the provision of the Loan Facility under the Original Loan Agreement is positive.

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RECOMMENDATIONS

Taking into consideration of the principal factors and reasons as set out in this letter, we are of the opinion that, although the entering into of each of the Original Loan Agreement, the Supplemental Agreement and the Tripartite Confirmation Agreement was not in the ordinary and usual course of business of the Group, the terms of the Original Loan Agreement, the Supplemental Agreement and the Tripartite Confirmation Agreement are normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve and ratify the Original Loan Agreement, the Supplemental Agreement, the Tripartite Confirmation Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Billy Tang
Managing Director

Mr. Billy Tang is a licensed person registered with the Securities and Futures Commission to carry out Type 6 (advising on corporate finance) regulated activities under the SFO. He has over 17 years of experience in the corporate finance advisory profession.

1. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Financial information of the Group for each of the three years ended 31 December 2016, 2017 and 2018 is disclosed on pages 42 to 117 of the annual report of the Company for the year ended 31 December 2016, pages 75 to 183 of the annual report of the Company for the year ended 31 December 2017 and pages 76 to 167 of the annual report of the Company for the year ended 31 December 2018, all of which are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.enviro-energy.com.hk).

2. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that after taking into account the internal resources, present banking facilities available to the Group and the provision of the Loan Facility to the Borrower, the Group has sufficient working capital for its present requirements, in the absence of unforeseeable circumstances, for at least the next 12 months from the date of this circular, subject to the receipt of (i) trade deposits of approximately RMB170 million (the “Trade Deposits”) regarding building materials to be refunded by the suppliers to the Group under the Group’s operation of trading of building material business; and (ii) an interest-free and unsecured shareholder’s loan of HK \$6,600,000 to be provided by Mr. Li Sen (“Shareholder’s Loan), a substantial shareholder and director of the Company. As of the Latest Practicable Date, the Group has received signed undertaking to repay part of the Trade Deposits in the amount of around RMB35 million from the two of the suppliers. The Group is currently diligently contacting and approaching the remaining the suppliers for the repayment of the remaining portion of the Trade Deposits. Furthermore, Mr. Li Sen has executed an undertaking in favour of the Company pursuant to which Mr. Li Sen agreed to grant a loan facility of up to HK\$50 million on or before 30 September 2019. Accordingly, the Directors believe that with the Shareholder’s Loan will be provided to the Company and the Trade Deposits will be recovered soon. Based on the working capital forecast of monthly administrative expenses from May 2019 to September 2020, the Group usually require a sum of about HK\$0.5 million for monthly administrative expense. As a result, the Shareholder’s Loan will be sufficient to cover the working capital for at least the next 12 months from the date of this circular.

3. INDEBTEDNESS

As at the close of business on 30 April 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the dispatch of this circular, details of the Group’s indebtedness are as follow:

(a) Borrowings

As at 30 April 2019, the Group had outstanding secured bank borrowings of approximately HK\$188,702,000.

As at 30 April 2019, the Group had outstanding shareholder loan with carrying amount of approximately HK\$9,551,000. The loan was unsecured, interest-free and repayable at the end of eighteenth month from the date of drawdown.

(b) Pledge of assets

As at 30 April 2019, secured bank borrowings of the Group were secured by the investment properties with an aggregate carrying amount of HK\$182,063,000.

(c) Contingent liabilities

As at 30 April 2019, the Group did not have any material contingent liabilities. Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, the Group did not have any outstanding mortgages, charges, debentures or other loan capital, bank drafts, loans, debt securities or other similar indebtedness, foreign exchange liabilities, liabilities under acceptance or acceptances credits, finance lease, or hire purchase commitments guarantees at the close of business on 30 April 2019.

For the purpose of this indebtedness statement, Renminbi amounts have been translated into Hong Kong dollars at the prevailing exchange rate of approximately 1.16483.

The Directors have confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 30 April 2019 up to the Latest Practicable Date.

4. MATERIAL ADVERSE CHANGE

Save as disclosed in paragraph 6 of Appendix II to this circular, the Company is not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

There has been no significant change in the trend of the business and financial and trading prospects of the Group since the date of its last published annual report. The Board believes that the entering into of the Original Loan Agreement and the Supplemental Agreement will not have any material financial effect on the consolidated statement of comprehensive income of the Group.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTEREST IN SECURITIES

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interest or short position in the Shares, underlying Shares and debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) nor had any interest in the right to subscribe for Shares in the Company which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, Director who had long position in the Shares is as follows:

Name of Director	Capacity	Number of Shares held (Note 1)	Percentage of the issued share capital of the Company
Mr. Li Sen ⁽¹⁾	Interest in a controlled corporation (Note)	2,207,485,423	24.4%

Note: These interests were held by Able Victory Enterprises Limited, which was wholly owned by Mr. Li. Accordingly, Mr. Li was deemed to be interested in 2,207,485,423 Shares under the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has or is proposed to have a service contract with the Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates were interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. OTHER ARRANGEMENTS INVOLVING DIRECTORS

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group; and
- (b) save as disclosed in the “Letter from the Board” as regards the interests of Mr. Li in the Original Loan Agreement and the Supplemental Agreement, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2018 (the date to which the latest published audited consolidated financial statements of the Company were made up), (i) acquired or disposed of by; (ii) leased to; or (iii) are proposed to be acquired or disposed of by; or (iv) are proposed to be leased to any member of the Group.

6. MATERIAL ADVERSE CHANGE

The Directors have confirmed that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2018, the date to which the latest published audited accounts of the Group were made up, and up to and including the Latest Practicable Date.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and, so far as the Directors are aware, there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

8. EXPERT

The following is the qualification of the expert who has given its opinions or advice, which are contained or referred to in this circular:

Name	Qualification
Lego Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Lego Corporate Finance Limited:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, in the form and context in which it appears;
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been since 31 December 2018 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group.

9. MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular and up to the Latest Practicable Date and are or may be material:

(a)

Date: 7 April 2017

Agreement: Bond Subscription Agreement

Parties: (i) Enviro Energy Information Technology Limited (環能資訊科技有限公司)
(ii) Huajun International Group Limited (formerly known as Huajun Holdings Limited) (“Huajun”), Huajun and its ultimate beneficial owner(s) are Independent Third Parties

Principal amount: HK\$30 million

Description: On 7 April 2017, the Group entered into the Bond Subscription Agreement with Huajun, pursuant to which the Group agreed to subscribe at the price of HK\$30 million for, and Huajun agreed to issue, the Bond in an aggregate principal amount of HK\$30 million.

(b)

Date:	4 July 2017
Agreement:	Sale and Purchase Agreement
Parties:	(i) Enviro Energy Minerals Limited (環能礦業有限公司), as the Purchaser; and (ii) China Area International Limited (華奕國際有限公司), as the Vendor
Consideration:	RMB54 million (equivalent to approximately HK\$63.18 million)
Description:	On 4 July 2017 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly owned subsidiary of the Company, entered into the Agreement with Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and Vendor has conditionally agreed to sell the Target Equity Interest at the Consideration of RMB54 million (equivalent to approximately HK\$63.18 million), which will be settled by cash.
Lapse Date:	31 July 2017

(c)

Date:	25 October 2017
Agreement:	Subscription Agreement
Parties:	(i) Issuer: The Company (ii) Subscriber: Hua Shang Consumer Premium Selection Investment Fund, the Subscriber and its ultimate beneficial owner(s) are Independent Third Parties
Net proceeds of subscription:	approximately HK\$195,577,000

Description: On 25 October 2017 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue and the Subscriber have conditionally agreed to subscribe the Subscription Shares at the Subscription Price of HK\$0.13 per Subscription Share. Subject to the terms and conditions of the Subscription Agreement, the Company has conditionally agreed to issue and the Subscriber have conditionally agreed to subscribe 1,507,900,000 new Shares, representing (a) approximately 20.00% of the issued share capital of the Company as at the date of this announcement; and (b) approximately 16.67% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares.

(d)

Date: 29 December 2017

Agreement: Disposal Agreement

Parties: (i) the Purchaser is ultimately held by Mr. Meng Guangbao as to 97% and by Madam Bao Le as to 3%; and Mr. Meng Guangbao and Madam Bao Le, together through Huajun Capital Limited, indirectly holds 335,446,000 Shares, representing approximately 3.71% of the issued share capital of the Company), as the Purchaser; and

(ii) the Seller is an indirect wholly-owned subsidiary of the Company

Consideration: HK\$108,000,000 in cash

Description: On 29 December 2017, the Seller, an indirect wholly owned subsidiary of the Company, has sold and the Purchaser has acquired the Class A Shares from the Seller

(e)

Date:	29 December 2017
Agreement:	Sale and Purchase Agreement
Parties:	<p>(i) Vendor: the Lessee, a company established in the PRC with limited liability and is principally engaged in, among other things, wholesales of construction materials and steel materials. The Lessee and its ultimate beneficial owners are Independent Third Parties</p> <p>(ii) Purchaser: 前海國興融資租賃(深圳)有限公司 (Qianhai Guoxing Finance Lease (Shenzhen) Company Limited*) (“Qianhai Guoxing”), a company established in the PRC and an indirect wholly owned subsidiary of the Company, an indirect wholly-owned subsidiary of the Company, which principal business is, among other things, financial leasing</p>
Consideration:	RMB150 million (approximately equivalent to HK\$169.5 million)
Description:	<p>On 29 December 2017 (after trading hours), Qianhai Guoxing, an indirect wholly-owned subsidiary of the Company, entered into the Finance Lease Agreements with the Lessee, pursuant to which Qianhai Guoxing has conditionally agreed to purchase the Assets from the Lessee at the Consideration of RMB150 million (approximately equivalent to HK\$169.5 million), which will then lease back to the Lessee for a term of three (3) years. The Consideration was determined after arm’s length negotiations between Qianhai Guoxing and the Lessee with reference to the preliminary value of the Assets in the sum not less than RMB150 million (equivalent to approximately HK\$169.5 million). Pursuant to the Sale and Purchase Agreement, the Consideration shall be payable in full by Qianhai Guoxing to the Lessee by 31 December 2017. Upon the payment of the Consideration by Qianhai Guoxing, the ownership of the Assets shall be transferred to Qianhai Guoxing by the Lessee within 6 months from the date of the payment of the Consideration.</p>

(f)

Date: 29 December 2017

Agreement: Lease Agreement

Parties: (i) Vendor: the Lessee, 深圳市水產公司 (Shenzhen city Aquatic Company Limited*) is principally engaged in, among other things, wholesales of construction materials and steel materials. The Lessee and its ultimate beneficial owners are Independent Third Parties

(ii) Purchaser: 前海國興融資租賃(深圳)有限公司 (Qianhai Guoxing Finance Lease (Shenzhen) Company Limited*) (“Qianhai Guoxing”) as the Lessor

Consideration: (i) the principal amount of RMB150 million (approximately equivalent to HK \$169.5 million); and (ii) lease interests approximately RMB40,987,500 (approximately equivalent to HK\$46,315,875)

Description: The lease payment for the entire term consists of (i) the principal amount of RMB150 million (approximately equivalent to HK\$169.5 million); and (ii) lease interests. The lease interest rate is 9% per annum. Based on the said interest rate, the total estimated amount of lease interests for the entire term of the Lease Agreement is approximately RMB40,987,500 (approximately equivalent to HK \$46,315,875). The principal amount will be paid by the Lessee at the end of the lease term and the lease interests will be payable on the 21st day of March, June, September and December during the term. A pre-lease interests in the sum of RMB3,000,000 (approximately equivalent to HK\$3,390,000) will also be payable by the Lessee to Qianhai Guoxing in one lumpsum after the Consideration has been paid by Qianhai Guoxing but before the lease term starts. The pre-lease interests, lease payment and lease interest have been agreed after arm’s length negotiations between the parties with reference to the purchase cost of the Assets of Qianhai Guoxing and the prevailing market rate for finance leases of the landed properties comparable to the Assets.

(g)

Date:	18 May 2018
Agreement:	Sale and Purchase Agreement
Parties:	(i) Vendor: Huan Neng Industrial (Yingkou) Company Limited* (環能實業(營口)有限公司), an indirect wholly-owned subsidiary of the Company (ii) Purchaser: independent third party
Consideration:	RMB24,000,000 (equivalent to approximately HK\$27,120,000)
Description:	On 18 May 2018 (after trading hours), Huan Neng Industrial (Yingkou) Company Limited* (環能實業(營口)有限公司), an indirect wholly-owned subsidiary of the Company, as vendor, entered into a Sale and Purchase agreement with an independent third party of the Company, as purchaser, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the entire equity interest in Yingkou Haida Property Service Company Limited* (營口海達物業服務有限公司) at a consideration of RMB24,000,000 (equivalent to approximately HK\$27,120,000).

(h)

Date:	28 August 2018
Agreement:	First Equity Transfer Agreement
Parties:	(i) 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 (ii) Purchaser: Mr. Zhong Jibin (仲躋彬) who is an Independent Third Party
Consideration:	RMB1
Agreement:	Second Equity Transfer Agreement
Parties:	(i) 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 (ii) Purchaser: Mr. Li Jianmin (李建民), who is an Independent Third Party
Consideration:	RMB1

Description: 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.

(i)

Date: 1 May 2018

Agreement: The Original Loan Agreement

Parties: (i) 前海國興融資租賃(深圳)有限公司 (Qianhai Guoxing Finance Lease (Shenzhen) Company Limited*) (“QH Finance”) (as Lender)

(ii) 深圳市瑞迅嘉科技有限公司 (Shenzhen Ruixunjia Information Technology Company Limited*), a company established in the PRC and an Independent Third Party which, however, had lending-borrowing relationship with 深圳市東銀金融控股有限公司 (Shenzhen Dongyin Financial Holdings Company Limited*), a company established in the PRC, in which Mr. Li Sen has a controlling interest (“Dongyin Finance”) (including the indebtedness in the sum of RMB66.5 million owing by the Borrower to Dongyin Finance, some of which was repaid during the period from May to August 2018 through the application of the Loan Facility (“DYF Indebtedness”) owing to Dongyin Finance) (as Borrower)

Principal amount(s) which may be drawn under the Loan Facility: up to RMB60 million, the exact principal amount is the aggregate amounts drawn by the Borrower from QH Finance

(j)

Date: 3 May 2018

Agreement: The Supplemental Agreement

Parties: (i) QH Finance

(ii) the Borrower

(iii) Dongyin Finance

Description: QH Finance and the Borrower entered into the Original Loan Agreement in respect of the Loan Facility. Under the Original Loan Agreement, the Loan Facility is agreed to be available for drawdown from 1 May 2018 onward, and the maturity date of the principal amounts so drawn under the Loan Facility is 31 December 2018. By the Supplemental Agreement 3 May 2018 and entered into by QH Finance, the Borrower and Dongyin Finance, the Borrower directed QH Finance to make payment of the amounts drawn under the Loan Facility to Dongyin Finance for the purpose of settling the DYF Indebtedness. During the period from May to August 2018, a total of approximately RMB57.7 million was drawn by instalments under the Loan Facility and paid by QH Finance (as directed by the Borrower) to Dongyin Finance for repayment of the DYF Indebtedness.

(k)

Date: 24 December 2018

Agreement: The Tripartite Confirmation Agreement

Parties: (i) QH Finance
(ii) the Borrower
(iii) Dongyin Finance

Description: QH Finance, the Borrower and Dongyin Finance entered into the Tripartite Confirmation Agreement dated 24 December 2018, pursuant to which, QH Finance is the Lender of the Loan while 深圳市瑞訊嘉科技有限公司 (Shenzhen Ruixunjia Information Technology Company Limited*) is the Borrower of the Loan under the Original Loan Agreement and the Supplemental Agreement, and the three parties agreed that the Borrower shall repay the principal amounts and accrued interests under the Loan directly into QH Finance's bank account in full instead of entrusting the repayment to Dongyin Finance.

As of 24 December 2018, the Lender had provided a principal amounts of RMB57,735,450.83 under the Loan and accrued interests of RMB4,554,716.75. The sum of the principal amounts and the interests incurred is RMB62,290,167.58. On 24 December 2018, the Borrower had repaid the above principal amounts and interests of the Loan directly into the Lender's bank account in full. The Borrower and Dongyin Finance had fulfilled all of their obligations in respect of the Loan and there is not any debt payable by the Borrower and Dongyin Finance to the Lender.

(I)

Date: 31 January 2019 (after trading hours)

Agreement: Subscription Agreement

Parties: Issuer: The Company

Subscriber: Huajun Group (Asia) Limited, a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party (“the Investor”)

Guarantor: Mr. Li Sen, the chairman, executive director and substantial shareholder of the Company and the guarantor in respect of punctual performance by the Company of its obligations under the Subscription Agreement (“Mr. Li”)

Description: On 31 January 2019 (after trading hours), the Company entered into the conditional Subscription Agreement with the Investor, pursuant to which the Company has conditionally agreed to issue, and Investor has conditionally agreed to subscribe for the Convertible Bond in the aggregate principal amount of HK\$50,000,000 at the Issue Price. The punctual performance and observance by the Company and Chargor of its obligations under the Transaction Documents were secured by (i) the Guarantee to be executed by Mr. Li; and (ii) the Share Charge in respect of the Listco Shares to be executed in favour of the Investor by the Chargor, which is wholly owned by Mr. Li. The Convertible Bond carry the right to convert into the Conversion Shares at the Conversion Price of HK\$0.0592 per Conversion Share (subject to adjustment). Assuming the Conversion Rights are exercised in full at the Conversion Price, 844,594,595 new Shares, being the Conversion Shares, may be allotted and issued to the Investor, representing approximately 9.33% of the issued share capital of the Company as at the date of this announcement and approximately 8.54% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares, assuming that there are no other changes in the share capital of the Company from the date of this announcement to the Closing Date.

Lapse: The Subscription Agreement is subject to the fulfilment (or waiver, as the case may be) of the Conditions Precedent on or before 31 March 2019. The Investor and the Company contemplate certain Conditions Precedent as set out in the Subscription Agreement might not be fully fulfilled on time, thus the Subscription Agreement has lapsed on 1 April 2019.

(m)

Date: 2 April 2019 (after trading hours)

Agreement: Subscription Agreement

Parties: Issuer: The Company

Subscriber: Shenzhen Xin Lang Tong Technology Company Limited* (深圳市新朗通科技有限公司) To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are Independent Third Parties.

Description: On 2 April 2019 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue and the Subscriber have conditionally agreed to subscribe the Subscriber Shares at the Subscription Price of HK\$0.0496 per Subscription Share.

Number of Subscription Shares to be subscribed for: Subject to the terms and conditions of the Subscription Agreement, the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe 1,809,568,828 new Shares, representing (a) approximately 20.00% of the issued share capital of the Company as at the date of this announcement; and (b) approximately 16.67% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares.

Subscription Price: The Subscription Price of HK\$0.0496 per Subscription Share, representing: (a) a discount of approximately 20% to the closing price of HK\$0.062 per Share as quoted on the Stock Exchange on the Last Trading Day; and (b) a discount of approximately 19.48% over the average of the closing prices of HK\$0.0616 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day. The Subscription Price was negotiated on an arm's length basis between the Company and Subscriber and is determined with reference to the prevailing market price of the Shares.

Issue the Subscription Shares under the General Mandate: By a resolution of the Shareholders passed at the AGM, the Company granted the General Mandate to the Directors to allot and issue up to 20% of the then total number of Shares of the Company in issue as at 6 June 2018, i.e. 1,809,568,828 Shares. As at the date of this announcement, no Shares have been issued pursuant to the General Mandate. As the Subscription Shares will be allotted and issued under the General Mandate, the Subscription and the issue of Subscription Shares are not subject to Shareholders' approval. Application will be made by the Company to the Stock Exchange for the grant of listing of and permission to deal in the Subscription Shares.

Ranking:	The Subscription Shares, when issued and fully paid, will rank <i>pari passu</i> among themselves and with all other Shares presently in issue and at the time of issue and allotment of the Subscription Shares.
Conditions of the Subscription:	The Subscription is conditional upon the following conditions being fulfilled on or before Conditions Fulfillment Date: (a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; and (b) the completion of the subscription of the entire amount of the Subscription Shares to take place simultaneously.
Completion of Subscription:	Within five (5) Business Days after the date on which the last condition of the Subscription has been fulfilled, the aggregate sum of the Subscription Price for the Subscription Shares shall be payable by the Subscriber to the Company in cash or by way of cashier order on the Completion Date.
Termination Agreement:	As the terms of the Previous Subscription Agreement has to comply with the requirement under Rule 13.36(5) of the Listing Rules in particular that the Previous Subscription Price cannot represent a discount of 20% or more of the closing price of HK\$0.062 per Share on the date of the Previous Subscription Agreement, the Company and the Previous Subscriber, after careful consideration of all the circumstances surrounding the subscription of Shares under the Previous Subscription Agreement, agreed not to proceed with the Previous Subscription Agreement and on 4 April 2019 entered into the Termination Agreement to terminate the Previous Subscription Agreement.
(n)	
Date:	4 April 2019
Agreement:	Subscription Agreement
Parties:	Issuer: The Company Subscriber: Honor Reliance International Limited (順誠國際有限公司) To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are Independent Third Parties.
Description:	On 4 April 2019, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe the Subscription Shares at the Subscription Price of HK\$0.05022 per Subscription Share.

Number of Subscription Shares to be subscribed for:	Subject to the terms and conditions of the Subscription Agreement, the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe 1,809,568,828 new Shares, representing (a) approximately 20.00% of the issued share capital of the Company as at the date of this announcement; and (b) approximately 16.67% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares.
Subscription Price:	The Subscription Price of HK\$0.05022 per Subscription Share, representing: (a) a discount of approximately 19.00% to the closing price of HK\$0.062 per Share as quoted on the Stock Exchange on the Last Trading Day; and (b) a discount of approximately 18.47% to the average of the closing prices of HK\$0.0616 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day. The Subscription Price was negotiated on an arm's length basis between the Company and Subscriber and is determined with reference to the prevailing market price of the Shares.
Issue the Subscription Shares under the General Mandate:	By a resolution of the Shareholders passed at the AGM, the Company granted the General Mandate to the Directors to allot and issue up to 20% of the then total number of Shares of the Company in issue as at 6 June 2018, i.e. 1,809,568,828 Shares. As at the date of this announcement, no Shares have been issued pursuant to the General Mandate. As the Subscription Shares will be allotted and issued under the General Mandate, the Subscription and the issue of Subscription Shares are not subject to Shareholders' approval. Application will be made by the Company to the Stock Exchange for the grant of listing of and permission to deal in the Subscription Shares.
Ranking:	The Subscription Shares, when issued and fully paid, will rank <i>pari passu</i> among themselves and with all other Shares presently in issue and at the time of issue and allotment of the Subscription Shares.
Conditions of the Subscription:	The Subscription is conditional upon the following conditions being fulfilled on or before Conditions Fulfilment Date: (a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; and (b) the completion of the subscription of the entire amount of the Subscription Shares to take place simultaneously.
Completion of Subscription:	Within five (5) Business Days after the date on which the last condition of the Subscription has been fulfilled, the aggregate sum of the Subscription Price for the Subscription Shares shall be payable by the Subscriber to the Company in cash or by way of cashier order on the Completion Date.
Lapse:	The Subscription Agreement is subject to various conditions to be fulfilled on or before 31 May 2019. As at 1 June 2019, certain conditions for the completion of the Subscription has not been fully fulfilled, thus the Subscription Agreement has been lapsed on 1 June 2019.

10. GENERAL

- (a) The company secretary of the Company is Mr. Tsang Shu Kei, who is a fellow member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.
- (b) The head office and principal place of business of the Company is at Room 1603-5, 16th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.
- (c) The share registrar of the Company is Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the following agreements is available for inspection during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the principal place of business of the Company at Room 1603-5, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2018;
- (c) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;
- (d) the Original Loan Agreement, the Supplemental Agreement and the Tripartite Confirmation Agreement;
- (e) the written consent referred to in the section headed "Expert" of this Appendix;
- (f) the letter of advice from the Independent Financial Adviser, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" in this circular; and
- (g) this circular.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Enviro Energy Holdings Limited (“**Company**”) will be held at 1801-1803, 18/F, East Town Building, 41 Lockhart Road, Wanchai, Hong Kong on Wednesday, 10 July 2019 at 3:00 p.m. to consider and, if thought fit, pass (with or without modifications) the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

“THAT:

- (a) the Original Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder (as defined and described in the Company’s circular dated 24 June 2019 to its shareholders, a copy of which has been produced to the meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification) be and are hereby approved, confirmed and ratified; and the directors of the Company or any other person authorised by the directors of the Company be and are hereby authorised to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the Original Loan Agreement and the Supplemental Agreement and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the Original Loan Agreement and the Supplemental Agreement which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution;”

For and on behalf of the Board of
Enviro Energy International Holdings Limited

Wei Junqing

Executive Director

Hong Kong, 24 June 2019

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Registered Office:

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of

Business in Hong Kong:
Room 1603-5, 16th Floor,
Harcourt House,
39 Gloucester Road,
Wanchai, Hong Kong

As at the date of this notice, the Directors are:

Executive Directors:

Mr. Li Sen (*Chairman*)
Mr. Zhou Xuesheng (*Chief Executive Officer*)
Mr. Wei Junqing

Independent Non-executive Directors:

Mr. Wen Guangwei
Dr. Hou Chaohui
Mr. Jiang Maolin

Notes:

1. The register of members of the Company will be closed from Friday, 5 July 2019 to Wednesday, 10 July 2019, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for voting at the extraordinary general meeting of the Company (“EGM”), all transfers of shares of the Company accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, by not later than 4:30 p.m. on Thursday, 4 July 2019.
2. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the above meeting. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy.
3. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the offices of the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time for holding the EGM (i.e. no later than 3:00 p.m. (Hong Kong time) on Monday, 8 July 2019) or adjourned meeting. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint holders of any ordinary share of the Company, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders be present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
5. Voting of the ordinary resolutions set out in this notice will be taken by way of poll.
6. The Chinese version of this notice is for reference only. If there is any conflict between the English and the Chinese versions, the English version shall prevail.