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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)

**(1) ISSUE OF NEW SHARES UNDER
SPECIFIC MANDATE FOR DEBT CAPITALISATION
AND APPLICATION FOR WHITEWASH WAIVER;
(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND
(3) RESUMPTION IN TRADING**

Financial adviser to the Company



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



**(1) ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE FOR DEBT
CAPITALISATION AND APPLICATION FOR WHITEWASH WAIVER**

Settlement Agreement

On 25 January 2024 (after trading hours), the Company entered into the Settlement Agreement with the Creditors, pursuant to which the Company has conditionally agreed to capitalise the Indebted Amount owed to the Creditors by the Company, the Creditors has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 896,993,536 Capitalisation Shares at the issue price of HK\$0.05 per Capitalisation Share under a specific mandate of the Company to be sought at the EGM.

Takeovers Code implications and application for Whitewash Waiver

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the Capitalisation Shares, when allotted and issued, will represent (i) approximately 165.38% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 62.32% of the issued share capital of the Company as enlarged by the allotment and issuance of the Capitalisation Shares.

As at the date of this announcement, (i) WIFHL does not hold any Shares; and (ii) parties acting in concert with WIFHL (i.e. WIIHL and Mr. Pan) hold an aggregate of 145,902,047 Shares, representing approximately 26.90% existing issued share capital of the Company as at the date of this announcement.

Assuming there will be no change in the number of issued Shares from the date of this announcement up to and the Completion, upon Completion, (i) the shareholding of WIFHL in the Company will increase from nil to approximately 39.10%; and (ii) the shareholding of WIFHL and its concert parties in the Company will increase from approximately 26.90% to 70.48%. WIFHL will therefore be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by it and its concert parties pursuant to Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted.

WIFHL will apply to the Executive for the Whitewash Waiver pursuant to Note 1 of the Notes on Dispensation from Rule 26 of the Takeovers Code in respect of the allotment and issue of the Capitalisation Shares. The Whitewash Waiver, if granted by the Executive, would be subject to (i) the approval by more than 50% of the votes cast by the Independent Shareholders at the EGM by way of poll in respect of the Debt Capitalisation, the Settlement Agreement and the transactions contemplated thereunder; and (ii) the approval of the Whitewash Waiver by at least 75% of the votes cast by the Independent Shareholders at the EGM by way of poll.

The Executive may or may not grant the Whitewash Waiver. The Debt Capitalisation will not proceed if the Whitewash Waiver is not granted or approved.

None of WIFHL and parties acting in concert with it had any dealings in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the period commencing on the date falling six months prior to the date of this announcement and ending on the date of this announcement.

(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company from HK\$50,000,000 divided into 1,000,000,000 Shares of HK\$0.05 each to HK\$500,000,000 divided into 10,000,000,000 Shares of HK\$0.05 each by creating an additional 9,000,000,000 Shares.

The Proposed Increase in Authorised Share Capital is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM.

LISTING RULES IMPLICATIONS

As at the date of this announcement, WIIHL is the single largest shareholder of the Company, holding 112,789,766 Shares, representing approximately 20.79% of the issued share capital of the Company.

The ultimate beneficial owner of WIIHL is Mr. Li Gang, the Chairman and executive Director of the Company. The ultimate beneficial owner of WIFHL and Longma International is Mr. Li Gang, whereby Mr. Tang is the son of Mr. Li Gang.

Mr. Pan is an executive Director of the Company holding 33,112,281 Shares, representing approximately 6.11% of the issued share capital of the Company as at the date of this announcement. Able Plus is wholly owned by Mr. Pan and his spouse.

Accordingly, WIFHL, Longma International, Mr. Tang, Mr. Pan and Able Plus are connected persons of the Company.

As such, the Debt Capitalisation constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the announcement, reporting and Independent Shareholder's approval requirements pursuant to Chapter 14A of the Listing Rules.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Capitalisation Shares on the Stock Exchange.

GENERAL

Establishment of Independent Board Committee

The Independent Board Committee comprising Mr. Zhong Jian, Mr. Pan Yongye and Mr. Liu Qin (being all of the independent non-executive Directors) has been established by the Company under the Listing Rules and Takeovers Code to advise the Independent Shareholders on the Debt Capitalisation and the relevant specific mandate, and the Whitewash Waiver.

Appointment of Independent Financial Adviser

The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and Independent Shareholders on the Debt Capitalisation and the relevant specific mandate, and the Whitewash Waiver.

The Independent Financial Adviser has been appointed pursuant to Rule 2.1 of the Takeovers Code and such appointment has been approved by the Independent Board Committee.

The EGM

The EGM will be convened to consider and, if thought fit, to pass the resolutions to approve, inter alia, (i) the Settlement Agreement and the transactions contemplated thereunder and the specific mandate; (ii) the Whitewash Waiver; and (iii) the Proposed Increase in Authorised Share Capital.

A circular containing, among other things, (i) further details of the Settlement Agreement and the transactions contemplated thereunder, the Whitewash Waiver and the Proposed Increase in Authorised Share Capital; and (ii) a notice of the EGM, will be despatched by the Company to the Shareholders on or before 28 February 2024.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 26 January 2024 pending the release of this announcement. Application has been made by the Company for resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on 8 February 2024.

(1) ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE FOR DEBT CAPITALISATION AND APPLICATION FOR WHITEWASH WAIVER

Background of the Indebted Amount

During the suspension of trading of the Shares of the Company from September 2021 to May 2023, the Company entered into a number of loan agreements with the Creditors for the Loans for raising working capital to financing business development and daily operation of the Company.

Details of the Loans are set out as follows:

| Creditors | Date of relevant loan agreements | Due date | Date of loan receipt | Principal amount HK\$ | Indebted Amount as at 30 November 2023 HK\$ (approximately) | Capitalisation |
|----------------------|----------------------------------|------------------|-------------------------------------|--------------------------|---|--|
| | | | | | | Shares to be allotted and issued under the Debt Capitalisation (Note 2) |
| WIFHL | 1 December 2022 | 31 December 2023 | 1 December 2022 | 28,138,519 | 28,138,519 | 562,770,380 |
| Mr. Pan | 1 December 2022 | 31 December 2023 | 1 December 2022 | 9,986,371 | 9,986,371 | 199,727,425 |
| WIFL | 9 February 2023 | 31 December 2023 | 13 February 2023 | 1,000,000 | 1,023,852 | 28,530,160 |
| | 7 August 2023 | 31 January 2024 | 11 September 2023 | 400,000 | 402,656 | |
| Longma International | 10 February 2023 | 31 December 2023 | 9 February 2023 | 1,000,000 | 1,024,180 | 28,549,180 |
| | 23 August 2023 | 31 January 2024 | 23 August 2023 | 400,000 | 403,279 | |
| Able Plus (Note 1) | 9 February 2023 | 31 December 2023 | 10 February 2023 | 1,000,000 | 1,024,098 | 28,544,920 |
| | 7 August 2023 | 31 January 2024 | 28 July 2023 to 5 September 2023 | 400,000 | 403,148 | |
| Mr. Tang | 17 February 2023 | 31 December 2023 | 17 February 2023 | 1,000,000 | 1,023,525 | 20,470,491 |
| Mr. Zhou | 4 May 2023 | 31 December 2023 | 8 May 2023 | 1,000,000 | 1,016,967 | 28,400,980 |
| | 7 August 2023 | 31 January 2024 | 29 August 2023 | 400,000 | 403,082 | |
| Total | | | | | <u>44,849,677</u> | <u>896,993,536</u> |

Notes:

1. The Capitalisation Shares to be allotted and issued under the Debt Capitalisation for Able Plus will be allotted and issued to Mr. Pan pursuant to the Settlement Agreement.
2. The Capitalisation Shares to be issued and allotted under the Debt Capitalisation represented each of the Indebted Amount divided by the Issue Price of HK\$0.05 subject to rounding adjustments.

The Loans provided by WIFHL and Mr. Pan are unsecured and interest-free. The Loans provided by WIFL, Longma International, Able Plus, Mr. Tang and Mr. Zhou are unsecured and carry an interest rate of 3% per annum.

Debt Capitalisation

On 25 January 2024 (after trading hours), the Company entered into the Settlement Agreement with the Creditors, pursuant to which the Company has conditionally agreed to capitalise the Indebted Amount owed to the Creditors by the Company, the Creditors have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 896,993,536 Capitalisation Shares at the issue price of HK\$0.05 per Capitalisation Share under a specific mandate.

The Settlement Agreement

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

| | |
|------------------------|-----------------------------------|
| Parties: | The Company and the Creditors |
| Issuer: | The Company |
| Capitalisation Shares: | 896,993,536 Capitalisation Shares |
| Issue Price: | HK\$0.05 per Capitalisation Share |

Debt Capitalisation

The Company is indebted to the Creditors in the sum of the Indebted Amount. The Company will issue to the Creditors the Capitalisation Shares at the Issue Price as full settlement of the Loans and the fulfilment of all obligations of the Company under the respective loan agreement.

Capitalisation Shares

The 896,993,536 Capitalisation Shares under the Debt Capitalisation will be allotted and issued under a specific mandate which are subject to Independent Shareholders' approval at the EGM.

Assuming there will be no change in the issued share capital of the Company from the date of the Settlement Agreement up to the date of Completion, the Capitalisation Shares represent:

- (i) approximately 165.38% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 62.32% of the issued share capital of the Company as enlarged by the allotment and issue of the Capitalisation Shares.

Issue Price

The Issue Price of HK\$0.05 per Capitalisation Share represents:

- (i) a discount of approximately 10.7% to the closing price of HK\$0.056 per Share as quoted on the Stock Exchange on the date of the Settlement Agreement;
- (ii) a discount of approximately 5.7% to the average closing price of approximately HK\$0.053 per Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the date of the Settlement Agreement;
- (iii) a price difference of approximately HK\$0.132 as compared to the audited consolidated net liabilities of approximately HK\$0.082 per Share as at 31 December 2022, which is calculated based on the Group's audited consolidated net liabilities of the Company of approximately HK\$44,679,000 as at 31 December 2022 and 542,392,207 Shares in issue as at the date of this announcement;
- (iv) a price difference of approximately HK\$0.118 as compared to the unaudited consolidated net liabilities of the Company of approximately HK\$0.068 per Share as at 30 June 2023, which is calculated based on the Group's unaudited consolidated net liabilities of the Company of approximately HK\$37,051,000 as at 30 June 2023 and 542,392,207 Shares in issue as at the date of this announcement; and
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 6.61% of the theoretical diluted price of HK\$0.0523 per Share to the benchmarked price of HK\$0.056 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the date of the Settlement Agreement of HK\$0.056 per Share and the average closing price of HK\$0.0532 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the date of the Settlement Agreement).

According to the interim report of the Company for the six months ended 30 June 2023, as at 30 June 2023, the Group recorded a net liabilities position of approximately HK\$37.1 million.

The Issue Price was determined after arm's length negotiation between the Company and the Creditors after taking into account the prevailing market price and trading volume of the Shares as well as the current market conditions. The Directors (excluding the independent non-executive Directors who will provide their opinion after considering the advice from the Independent Financial Adviser) consider that the terms of the Settlement Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The amount of the total issue price of the Capitalisation Shares shall be satisfied by way of capitalising the Indebted Amount owed to the Creditors by the Company. In addition, the Group will use its internal resources to settle the professional fees and all related expenses which may be borne by the Company in connection with the Debt Capitalisation.

Ranking

The Capitalisation Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with all other Shares in issue at the time of allotment and issue of the Capitalisation Shares.

Conditions precedent

The Completion is conditional upon the satisfaction of the following conditions precedent:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Capitalisation Shares;
- (ii) passing by the Independent Shareholders of the Company resolutions at the EGM approving (a) the Settlement Agreement and the transactions contemplated thereunder (more than 50% of the votes cast by the Independent Shareholders at the EGM by way of poll); and (b) the Whitewash Waiver (at least 75% of the votes cast by the Independent Shareholders at the EGM by way of poll) in accordance with the Listing Rules and the Takeovers Code;
- (iii) the Executive having granted (and such grant not having been withdrawn) the Whitewash Waiver to WIFHL, and the satisfaction of all conditions (if any) attached thereto; and
- (iv) the obtaining by the Company of the approval from the Shareholders on the Proposed Increase in Authorised Share Capital.

All the above conditions precedent are not waivable. As at the date of this announcement, none of the conditions precedent above have been fulfilled.

If the above conditions precedent are not satisfied by the Long Stop Date, the Settlement Agreement shall be automatically terminated with immediate effect.

Completion

Completion of the Debt Capitalisation shall take place within seven Business Days after the date on which the last conditions precedent is satisfied, or at such other date, time and venue as the parties may agree in writing.

Listing Application

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

Information on the Group

The Group is principally engaged in the supply of construction essentials business since 2017, which primarily consisted of two major businesses, namely (1) the supply of building materials business; and (2) the supply of aluminum related products business, which are part of the construction supply chain.

Information on the Creditors

The Creditors consisted of WIFHL, Longma International, Mr. Tang, WIFL, Mr. Pan, Able Plus and Mr. Zhou.

WIFHL is a company with limited liability incorporated in Hong Kong principally engaged in investment holding, which holds 66.67% equity interest of Longma International as its only investment. WIFHL is wholly-owned by Wonderland International Financial Holdings Company, which is in turn owned as to (i) 55.95% by Hua Zhi Investment Limited, which is in turn owned as to 56.21% by Mr. Li Gang, 29.95% by Mr. Wang Shengkun, 11.98% by Ms. Lu Qing and 1.86% by Mr. Feng Dafu; (ii) 41.79% by Pu Shi International Investment Limited, which is ultimately and beneficially held by Mr. Su Shaowen; (iii) 1.79% by Mr. Sho Kai Jun; and (iv) 0.47% by Ms. Xia Liping.

Longma International is a company with limited liability incorporated in Hong Kong principally engaged in investment holding, which holds 34% equity interest of Longma International Consulting Limited, a company principally engaged in the provision of company secretarial service, as its only investment. Longma International is owned as to 66.67% by WIFHL and 33.33% by Mr. Li Gang.

Mr. Tang is the son of Mr. Li Gang, the Chairman and executive Director of the Company.

WIFL is a company with limited liability incorporated in Hong Kong principally engaged in money lending business and is a wholly-owned subsidiary of Wonderland Capital International Holdings Limited, which is beneficially owned as to (i) 33.33% by Wonderland Group Investment Holdings Corporation, which is in turn equally held by Mr. Jiang Peixing and Mr. Liu Shao Kang; (ii) 19.05% by China Minghua Holdings Limited which is wholly owned by Mr. Zhang Xiaoming; (iii) 19.05% by Mr. Yan Qiang; (iv) 19.05% by Mr. Shi Jiaqi; and (v) 9.52% by Mr. Li Xiaolei. Mr. Jiang Senlin, the executive Director of the Company, is one of the directors of WIFL.

Mr. Pan is an executive Director and a Shareholder holding 33,112,281 Shares representing approximately 6.11% of the issued shares of the Company as at the date of this announcement.

Able Plus is a company with limited liability incorporated in Hong Kong principally engaged in trading of non-ferrous metal products, which is owned as to 40% by Mr. Pan and 60% by Ms. Ma Hiu Ngai, the spouse of Mr. Pan.

WIIHL, the single largest shareholder of the Company as at the date of this announcement, is owned as to (i) 58.44% by Hua Zhi Investment Limited, which is the intermediate holding company of WIFHL and Longma International and Mr. Li Gang is the ultimate beneficial owner as detailed above; (ii) 18.38% by Pu Shi International Investment Limited, which holds 41.79% shareholding interest in Wonderland International Financial Holdings Company as detailed above; (iii) 13.18% by Wonderland Capital International Holdings Limited, which is the immediate holding company of WIFL as detailed above; and (iv) 10.00% by Able Plus Investment (Holdings) Limited, which is wholly-owned by Mr. Pan.

Mr. Zhou is a Shareholder holding 14,071,460 Shares representing approximately 2.59% of the issued shares of the Company as at the date of this announcement. Mr. Zhou is not connected with (i) any of the other Creditors, their respective shareholders and ultimate beneficial owners; and (ii) WIFHL and parties acting in concert with it.

Takeovers Code implications and application for Whitewash Waiver

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the Capitalisation Shares to be allotted and issued represent (i) approximately 165.38% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 62.32% of the issued share capital of the Company as enlarged by the issued of the Capitalisation Shares.

As at the date of this announcement, (i) WIFHL does not hold any Shares; and (ii) parties acting in concert with WIFHL (i.e. WIIHL and Mr. Pan) hold an aggregate of 145,902,047 Shares, representing approximately 26.90% existing issued share capital of the Company as at the date of this announcement.

Assuming there will be no change in the number of issued Shares from the date of this announcement up to the Completion, upon Completion, (i) the shareholding of WIFHL in the Company will increase from nil to approximately 39.10%; and (ii) the shareholding of WIFHL and its concert parties in the Company will increase from approximately 26.90% to 70.48%. WIFHL will therefore be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by it and its concert parties pursuant to Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted.

In light of the above, WIFHL will apply to the Executive for the Whitewash Waiver pursuant to Note 1 of the Notes on Dispensation from Rule 26 of the Takeovers Code in respect of the allotment and issue of the Capitalisation Shares. The Whitewash Waiver, if granted by the Executive, would be subject to (i) the approval by more than 50% of the votes cast by the Independent Shareholders at the EGM by way of poll in respect of the Debt Capitalisation, the Settlement Agreement and the transactions contemplated thereunder; and (ii) the approval of the Whitewash Waiver by at least 75% of the votes cast by the Independent Shareholders at the EGM by way of poll.

The Executive may or may not grant the Whitewash Waiver. The Debt Capitalisation will not proceed if the Whitewash Waiver is not granted or approved.

None of WIFHL and parties acting in concert with it had any dealings in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the period commencing on the date falling six months prior to the date of this announcement and ending on the date of this announcement.

Reasons for and benefits of the Debt Capitalisation

During the suspension of the trading of the Shares from 15 September 2021 to 5 May 2023, WIIHL and Mr. Pan, as the single largest shareholder and second largest shareholder of the Company, have continued to provide financial support to the Company for business development and daily operation of the Group, through themselves and/or their associates by way of the Loans.

As disclosed in the annual report of the Company for the year ended 31 December 2022, as (i) the Group incurred substantial loss for the year ended 31 December 2022; (ii) the Group recorded net current liabilities of approximately HK\$166.6 million and net liabilities of approximately HK\$40.2 million as at 31 December 2022; and (iii) the Group's bank and cash balances is insufficient to cover the current liabilities as at 31 December 2022, the auditors of the Company had given an emphasis of matter in relation to the material uncertainty related to going concern of the Company.

As further disclosed in the interim report of the Company for the six months ended 30 June 2023, the Company has a net current liabilities and net liabilities of approximately HK\$157.9 million and HK\$37.1 million, respectively. Coupled with the recent cautious investment sentiment and the increasing trend of the interest rate in the debt market, the Company had difficulties in seeking debt or equity financing to finance its business development.

The Debt Capitalisation offers the Group with a valuable chance of reaching a full settlement of its outstanding debt without utilizing existing financial resources of the Company and exerting pressure on the cashflow position of the Group.

The Directors had considered other alternative financing methods to settle the Indebted Amount. For debt financing, having considered the lack of security for arranging any possible debt financing, the Directors considered the Group is not in a feasible position to obtain further debt financing from financial institutions for settlement of the Indebted Amount. The increasing trend of the interest rate in the debt market will also increase the interest burden of the Group. In respect of equity fund raising, given the relatively substantial amount of the Indebted Amount, the recent weak sentiment of the stock market and uncertain economic environment, it is difficult to procure an underwriter for rights issue or placing or a placing agent for share placement which is able to raise sufficient funding for the settlement of the Indebted Amount.

Although the allotment and issue of the Capitalisation Shares will have a dilution effect on the shareholding interest of the existing Shareholders, having considered (i) the capitalisation of the Indebted Amount can discharge the settlement obligations of the Loans; and (ii) the Capitalisation Shares, when allotted and issued, will be recognised entirely as equity of the Company which in turn will enlarge the capital base, and accordingly, strengthen the financial position of the Group.

As such, the Directors are of the view that it is in the interests of the Company and the Shareholders as a whole to preserve as much liquidity as possible in order to maintain the Group's financial and liquidity position for its business operation and development.

The Company has considered various alternative in view of settling the Indebted Amount, including but not limited to debt refinancing and various means of equity issuance. Among the possible alternatives available to the Company, the Company considers that the Debt Capitalisation is an appropriate and cost-effective method to the Company. Comparing to debt financing, the Debt Capitalisation would allow the Company in avoiding further finance cost.

The Company also considered other equity issuance methods, such as rights issue, open offer and placing new shares to independent third parties. However, (i) given the recent unfavorable global investment sentiment, the Company had difficulties in sourcing investors or placing agents for equity investments with terms acceptable to the Company and amounts sufficient in settling the Indebted Amount; and (ii) although both open offer and rights issue would allow the Shareholders to participate in the subscription on new Shares to be issued by the Company and maintain their respective pro-rata shareholdings in the Company, given the thin trade volume of the Shares, the Company would have difficulties in sourcing underwriter with reasonable underwriting fee and subscription price of reasonable discount.

In view of the above, the Directors (excluding the independent non-executive Directors who will provide their opinion after considering the advice of the Independent Financial Adviser) consider that the terms of the Settlement Agreement and the Debt Capitalisation are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

FUTURE INTENTIONS REGARDING THE GROUP

Upon Completion, WIFHL and parties in concert with it will hold 1,014,494,603 Shares, representing approximately 70.48% of the issued share capital of the Company as enlarged by the issue of the Capitalisation Shares.

WIFHL considers and confirms that (a) it is intended that the Group will continue its existing business following the Completion; and (b) there is no intention to introduce any major changes to the existing business of the Group or the continued employment of the Group's employees, and there is no intention to redeploy the fixed assets of the Group other than in its ordinary course of business.

Dealing and interest in the Company's securities

Save for the Capitalisation Shares to be allotted and issued by the Company to the Creditors, WIFHL and parties acting in concert with it had not dealt for value in any Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period immediately prior to the date of this announcement and up to and including the date of this announcement.

As at the date of this announcement:

- (i) save as disclosed in the section headed "Effect on Shareholding Structure of the Company" in this announcement, WIFHL and the parties acting in concert with it do not own, hold, control or have direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (ii) there is no outstanding derivative in respect of the securities in the Company which has been entered into by WIFHL or any person acting in concert with it;
- (iii) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of WIFHL and parties acting in concert it or the Shares and which might be material to the transactions contemplated under the Settlement Agreement and/or the Whitewash Waiver;
- (iv) there is no irrevocable commitment received by WIFHL and parties acting in concert with it to vote for or against the Settlement Agreement and/or the Whitewash Waiver;
- (v) there is no agreement or arrangement to which the WIFHL or any person acting in concert with it, is a party which relates to circumstances in which the WIFHL may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Settlement Agreement and/or the Whitewash Waiver;
- (vi) there is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which WIFHL or parties acting in concert with it has borrowed or lent;

- (vii) there is no consideration, compensation or benefits in whatever form provided or to be provided by WIFHL or parties acting in concert with it to the Company and parties acting in concert with any of it;
- (viii) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between WIFHL or any parties acting in concert with it on the one hand, and the Company and any parties acting in concert with any of it on the other hand; and
- (ix) there is no understanding, arrangement, agreement which constitute special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) WIFHL and any party acting in concert with it; or (b) the Company, its subsidiaries and associated companies.

As at the date of this announcement, the Company does not believe that the Debt Capitalisation gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the whitewash circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Debt Capitalisation does not comply with other applicable rules and regulations.

(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The existing authorised share capital of the Company is HK\$50,000,000 divided into 1,000,000,000 Shares of HK\$0.05 each. As at the date of this announcement, 542,392,207 Shares are in issue and 457,607,793 Shares are authorised but unissued.

In order to (i) facilitate the completion of the Debt Capitalisation; and (ii) accommodate the growth of the Group and provide the Company with greater flexibility to raise funds in the future, the Board proposes to increase the authorised share capital of the Company from HK\$50,000,000 divided into 1,000,000,000 Shares of HK\$0.05 each to HK\$500,000,000 divided into 10,000,000,000 Shares of HK\$0.05 each by creating an additional 9,000,000,000 Shares. Such new Shares, upon issue, shall rank pari passu in all aspects with the existing Shares. The Board believes the Proposed Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

The Proposed Increase in Authorised Share Capital is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement and immediately after the Completion and issue of the Capitalisation Shares (assuming no change to the number of issued Shares from the date of this announcement up to the date of the Completion) are as follows:

| | As at the date of this announcement | | Immediately after the Completion and issue of the Capitalisation Shares (assuming no change to the number of issued Shares from the date of this announcement up to the date of the Completion) | |
|--|--|-----------------------------------|---|-----------------------------------|
| | Number of Shares | Approximate % of issued Shares | Number of Shares | Approximate % of issued Shares |
| WIIHL (Note 1) | 112,789,766 | 20.79% | 112,789,766 | 7.84% |
| Mr. Pan | 33,112,281 | 6.11% | 261,384,626 | 18.16% |
| WIFHL (Note 2) | — | — | 562,770,380 | 39.10% |
| WIFL (Note 3) | — | — | 28,530,160 | 1.98% |
| Longma International (Note 2) | — | — | 28,549,180 | 1.98% |
| Mr. Tang (Note 4) | — | — | 20,470,491 | 1.42% |
| WIFHL and parties acting in concert with it (Note 5) | <u>145,902,047</u> | <u>26.90%</u> | <u>1,014,494,603</u> | <u>70.48%</u> |
| Mr. Zhou | 14,071,460 | 2.59% | 42,472,440 | 2.95% |
| Other Shareholders | <u>382,418,700</u> | <u>70.51%</u> | <u>382,418,700</u> | <u>26.57%</u> |
| Total | <u><u>542,392,207</u></u> | <u><u>100.00%</u></u> | <u><u>1,439,385,743</u></u> | <u><u>100.00%</u></u> |

Notes:

- WIIHL is owned as to (i) 58.44% by Hua Zhi Investment Limited, which is in turn owned as to 56.21% by Mr. Li Gang, 29.95% by Mr. Wang Shengkun, 11.98% by Ms. Lu Qing and 1.86% by Mr. Feng Dafu; (ii) 18.38% by Pu Shi International Investment Limited, which holds 41.79% shareholding interest in Wonderland International Financial Holdings Company as detailed above; (iii) 13.18% by Wonderland Capital International Holdings Limited, which is the immediate holding company of WIFL as detailed above; and (iv) 10.00% by Able Plus Investment (Holdings) Limited, which is wholly-owned by Mr. Pan.
- The ultimate beneficial owner of WIFHL and Longma International is Mr. Li Gang, who is the ultimate beneficial owner of WIIHL, the single largest shareholder of the Company as at the date of this announcement.
- WIFL is a wholly-owned subsidiary of Wonderland Capital International Holdings Limited, which holds approximately 13.18% shareholding interest in WIIHL, the single largest shareholder of the Company as at the date of this announcement.

- (4) Mr. Tang is the son of Mr. Li Gang, who is the ultimate beneficial owner of WIIHL, the single largest shareholder of the Company as at the date of this announcement.
- (5) The ultimate beneficial owner of WIIHL and WIFHL is Mr. Li Gang, Given (i) WIFHL and WIFL were group companies in the past before 2023; (ii) Mr. Pan, through a corporation controlled by him, holds 10.00% interest in WIIHL; (iii) Longma International is a subsidiary of WIFHL; and (iv) Mr. Tang is the son of Li Gang, accordingly, WIIHL, WIFHL, WIFL, Longma International, Mr. Pan and Mr. Tang consider they are acting in concert.
- (6) Save for Mr. Li Gang (through corporations controlled by him as disclosed in this announcement) and Mr. Pan, no directors of the Company hold Shares as at the date of this announcement.

FUND RAISING EXERCISES IN THE PAST 12 MONTHS

The Company has not conducted any fund raising activities involving issue of its securities in the past 12 months immediately preceding the date of this announcement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, WIIHL is the single largest shareholder of the Company, holding 112,789,766 Shares of the Company, representing approximately 20.79% of the issued share capital of the Company.

The ultimate beneficial owner of WIIHL is Mr. Li Gang, the Chairman and executive Director of the Company. The ultimate beneficial owner of WIFHL and Longma International is Mr. Li Gang, whereby Mr. Tang is the son of Mr. Li Gang.

Mr. Pan is an executive Director of the Company holding 33,112,281 Shares, representing approximately 6.11% of the issued share capital of the Company as at the date of this announcement. Able Plus is wholly owned by Mr. Pan and his spouse.

Accordingly, WIFHL, Longma International, Mr. Tang, Mr. Pan and Able Plus are connected persons of the Company.

As such, the Debt Capitalisation constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the announcement, reporting and Independent Shareholder's approval requirements pursuant to Chapter 14A of the Listing Rules.

Save for WIIHL, Mr. Pan and Mr. Zhou, none of the Shareholders is required to abstain from voting in respect of the ordinary resolutions approving the Debt Capitalisation contemplated under the Settlement Agreement under the Listing Rules.

The resolution approving the Settlement Agreement with respect to the Debt Capitalisation was approved at a Board meeting of the Company. Mr. Li Gang (as the ultimate beneficial owner of the WIFHL and Longma International, being part of the Creditors), Mr. Pan (as one of the Creditor), Mr. Jiang Senlin (as a director of WIFL, being one of the Creditor) have abstained from voting at the Board meeting relating to approval of the Settlement Agreement.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Capitalisation Shares on the Stock Exchange.

GENERAL

Establishment of Independent Board Committee

The Independent Board Committee comprising Mr. Zhong Jian, Mr. Pan Yongye and Mr. Liu Qin (being all of the independent non-executive Directors) has been established by the Company under the Listing Rules and Takeovers Code to advise the Independent Shareholders on the Debt Capitalisation and the relevant specific mandate, and the Whitewash Waiver.

Appointment of Independent Financial Adviser

The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee, the Independent Shareholders on the Debt Capitalisation and the relevant specific mandate, and the Whitewash Waiver.

The Independent Financial Adviser has been appointed pursuant to Rule 2.1 of the Takeovers Code and such appointment has been approved by the Independent Board Committee.

The EGM

The EGM will be convened to consider and, if thought fit, to pass the resolutions to approve; (i) the Settlement Agreement and the transactions contemplated thereunder and the specific mandate; (ii) the Whitewash Waiver; and (iii) the Proposed Increase in Authorised Share Capital.

A circular containing, among other things, (i) further details of the Settlement Agreement and the transactions contemplated thereunder, the Whitewash Waiver and the Proposed Increase in Authorised Share Capital; and (ii) a notice of the EGM, will be despatched by the Company to the Shareholders on or before 28 February 2024.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 26 January 2024 pending the release of this announcement. Application has been made by the Company for resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on 8 February 2024.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

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

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| “Able Plus” | Able Plus International Limited, which is owned by Mr. Pan and his spouse as to 40% and 60% respectively, is a company incorporated in Hong Kong with limited liability and one of the Creditors |
| “acting in concert” | has the meaning ascribed to it under the Takeovers Code |
| “Board” | the board of Directors |
| “Business Day(s)” | a day on which banks are generally open for business in Hong Kong, the PRC and Cayman Islands, except a Sunday, a Saturday, a public holiday, and a day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong, the PRC and Cayman Islands at any time between 9:00 a.m. and 5:00 p.m. |
| “Capitalisation Shares” | an aggregate of 896,993,536 new Shares to be issued and allotted at the Issue Price by the Company to the Creditors pursuant to the Settlement Agreement |
| “Company” | Enviro Energy International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange |
| “Completion” | completion of the Debt Capitalisation in accordance with the terms and conditions of the Settlement Agreement |
| “connected person(s)” | has the same meaning as ascribed to it under the Listing Rules |
| “Creditors” | WIFHL, WIFL, Mr. Pan, Able Plus, Longma International, Mr. Tang and Mr. Zhou |
| “Debt Capitalisation” | the capitalisation of the Indebted Amount owed by the Company to the Creditors pursuant to the Settlement Agreement |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be held to approve, inter alia, (i) the Settlement Agreement and the transactions contemplated thereunder and the relevant specific mandate; (ii) the Whitewash Waiver; and (iii) the Proposed Increase in Authorised Share Capital |

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| “Executive” | the Executive Director of the Corporate Finance Division of the SFC or any of his delegates |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Zhong Jian, Mr. Pan Yongye and Mr. Liu Qin, established to advise the Independent Shareholders on the Debt Capitalisation and the relevant specific mandate, and the Whitewash Waiver |
| “Independent Financial Adviser” | Grand Moore Capital Limited, a corporation licensed under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity |
| “Indebted Amount” | HK\$44,849,677, being the aggregate amount of indebtedness owed by the Company to the Creditors as at 30 November 2023 |
| “Independent Shareholders” | Shareholders other than (i) WIFHL and parties acting in concert with it and (ii) Shareholders who are interested in or involved in the Debt Capitalisation and/or the Whitewash Waiver (including the Creditors) |
| “Independent Third Party(ies)” | person(s) or company(ies) and its (their) respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is(are) third party(ies) independent of and not connected with the Company and its connected persons (as defined in the Listing Rules) |
| “Issue Price” | HK\$0.05 per Share |
| “Loans” | the loans provided by the Creditors to the Company to be settled pursuant to the Settlement Agreement |
| “Longma International” | Longma International Family Services Group Limited, which is owned by WIFHL and Mr. Li Gang as to 66.67% and 33.33% respectively, is a company incorporated in Hong Kong with limited liability and one of the Creditors |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

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| “Long Stop Date” | 30 June 2024 or such later date as the Company and the Creditors may from time to time agree in writing |
| “Mr. Pan” | Mr. Pan Lihui, an executive Director of the Company, a Shareholder who holds 33,112,281 Shares of the Company as at the date of this announcement, representing approximately 6.11% of the total issued share capital of the Company, and one of the Creditors |
| “Mr. Tang” | Mr. Tang Zhengbang, the son of Mr. Li Gang, a PRC citizen and one of the Creditors |
| “Mr. Zhou” | Mr. Zhou Lixin, a PRC citizen, a Shareholder holding 14,071,460 Shares as at the date of this announcement, representing approximately 2.59% of the total issued share capital of the Company, and one of the Creditors |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Proposed Increase in Authorised Share Capital” | the proposed increase in Company’s authorised share capital from HK\$50,000,000 divided into 1,000,000,000 Shares of HK\$0.05 each to HK\$500,000,000 divided into 10,000,000,000 Shares of HK\$0.05 each by creating an additional 9,000,000,000 Shares |
| “Settlement Agreement” | the settlement agreement dated 25 January 2024 entered into between the Company and the Creditors in relation to the Debt Capitalisation |
| “SFC” | Securities and Futures Commission of Hong Kong |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| “Share(s)” | the ordinary share(s) of par value of HK\$0.05 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time |

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| “Whitewash Waiver” | the waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of WIFHL to make a mandatory general offer to the Shareholders in respect of all issued Shares not already owned or agreed to be acquired by WIFHL and its concert parties which may be triggered upon the Completion |
| “WIFHL” | Wonderland International Financial Holdings Limited, a company incorporated in Hong Kong with limited liability and one of the Creditors. WIFHL is 55.95% owned by Hua Zhi Investment Limited, which is in turn owned as to 56.21% by Mr. Li Gang, 29.95% by Mr. Wang Shengkun, 11.98% by Ms. Lu Qing and 1.86% by Mr. Feng Dafu |
| “WIFL” | Wonderland International Finance Limited, a company incorporated in Hong Kong with limited liability and one of the Creditors is a wholly-owned subsidiary of Wonderland Capital International Holdings Limited, which is beneficially owned as to (i) 33.33% by Wonderland Group Investment Holdings Corporation, which is in turn equally held by Mr. Jiang Peixing and Mr. Liu Shao Kang; (ii) 19.05% by China Minghua Holdings Limited which is wholly owned by Mr. Zhang Xiaoming; (iii) 19.05% by Mr. Yan Qiang; (iv) 19.05% by Mr. Shi Jiaqi; and (v) 9.52% by Mr. Li Xiaolei. |
| “WIIHL” | Wonderland International Investment Holdings Limited, a company incorporated in Hong Kong with limited liability, a Shareholder which holds 112,789,766 Shares as at the date of this announcement, representing approximately 20.79% of the total issued share capital of the Company. WIIHL is owned by Hua Zhi Investment Limited as to approximately 58.44%, which is in turn owned as to 56.21% by Mr. Li Gang, 29.95% by Mr. Wang Shengkun, 11.98% by Ms. Lu Qing and 1.86% by Mr. Feng Dafu |
| “%” | per cent |

* *For identification purpose only*

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

Hong Kong, 7 February 2024

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Li Gang (Chairman), Mr. Pan Lihui, Mr. Jiang Senlin and Mr. Cao Zhongshu; and three independent non-executive Directors, namely Mr. Zhong Jian, Mr. Pan Yongye and Mr. Liu Qin.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

** For identification purpose only and should not be regarded as the official English translation of the Chinese names. In the event of any inconsistency, the Chinese name prevails.*

The English text of this announcement shall prevail over its Chinese text.