

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 Gang (*Chairman*)
Mr. Pan Lihui
Mr. Cao Zhongshu

Non-executive Directors:

Mr. Jiang Senlin
Ms. Wu Wenling

Independent Non-executive Directors:

Mr. Liu Qin
Mr. Pan Yongye
Mr. Zhong Jian

Registered office:

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

*Headquarters and principal place
of business in Hong Kong:*

20/F., No.9 Des Voeux Road West,
Sheung Wan,
Hong Kong

3 March 2025

To the Shareholders

Dear Sir or Madam,

**MANDATORY CONDITIONAL CASH OFFER BY
BETA SECURITIES FOR AND ON BEHALF OF
THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF
ENVIRO ENERGY INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED
BY THE OFFEROR AND/OR PARTIES ACTING IN CONCERT WITH IT)**

1. INTRODUCTION

References are made to (i) the MGO Announcement jointly published by the Offeror and the Company dated 6 February 2025 in relation to, among other things, the Sale and Purchase Agreements and the Offer; and (ii) the SPA Completion Announcement jointly published by the Offeror and the Company dated 7 February 2025 in relation to the Completion.

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Sale and Purchase Agreements

The Company was informed by the Vendors, that on 21 January 2025 (after trading hours), the Offeror and the Vendors entered into five Sale and Purchase Agreements in relation to the acquisition of the Sale Shares.

Pursuant to the terms of the five Sale and Purchase Agreements, the Offeror has conditionally agreed to acquire and each of the Vendors have conditionally agreed to sell the Sale Shares, being 709,045,226 Shares in aggregate beneficially owned by the Vendors, representing approximately 49.26% of the entire issued share capital of the Company as at the Latest Practicable Date. The aggregate consideration for the Sale Shares pursuant to the Sale and Purchase Agreements is HK\$35,452,262, equivalent to HK\$0.05 per Sale Share.

As disclosed in the MGO Announcement, the 1st Sale and Purchase Agreement and the 5th Sale and Purchase Agreement were completed on 21 January 2025. As disclosed in the SPA Completion Announcement, the 2nd Sale and Purchase Agreement, 3rd Sale and Purchase Agreement and 4th Sale and Purchase Agreement were completed on 7 February 2025.

Immediately prior to the entering into of the Sale and Purchase Agreements, none of the Offeror, its ultimate beneficial owner and their respective parties acting in concert owned any Shares or any other convertible securities, options, warrants or derivatives in the Company.

Immediately following Completion and as at the Latest Practicable Date, the Offeror, its ultimate beneficial owner and their respective parties acting in concert own 709,045,226 Shares, representing approximately 49.26% of the existing issued share capital of the Company as at the Latest Practicable Date.

Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make the mandatory conditional cash offer to acquire all of the Shares in the issued share capital of the Company (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it). Beta Securities is, on behalf of the Offeror, making the Offer in compliance with the Takeovers Code on the terms set out in this Composite Document.

Irrevocable Undertaking

Immediately after the entering into of the Sale and Purchase Agreements and as at the Latest Practicable Date, the WIFHL Concert Group holds 134,597,737 Remaining Shares, representing approximately 9.35% of the issued share capital of the Company.

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On 21 January 2025, each of the member of the WIFHL Concert Group entered into the Irrevocable Undertaking pursuant to which they have had irrevocably undertaken to and covenanted with the Offeror that (i) they will not accept the Offer; and (ii) they will remain as the legal and beneficial owner of the 134,597,737 Remaining Shares during the period commencing on the date of the Irrevocable Undertaking and ending on the Completion up to and including the Closing Date. Such irrevocable undertaking will cease upon the close of the Offer.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other matters, (i) information relating to the Group, the Offeror and the Offer; (ii) a letter from Beta Securities containing, among other things, details of the Offer; (iii) a letter of recommendation from the Independent Board Committee containing its recommendations to the Independent Shareholders in relation to the Offer; (iv) a letter of advice from the Independent Financial Adviser containing its advice to the Independent Board Committee on the terms of the Offer and as to their acceptance; and (v) the Form of Acceptance.

Unless the context otherwise requires, terms defined in this Composite Document shall have the same meanings when used in this letter.

2. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Establishment of Independent Board Committee

Given (i) Mr. Jiang Senlin, a non-executive Director of the Company, is also a director of WIFL, one of the Vendors, who has indirect interest in the Offer; and (ii) Ms. Wu Wenling, a non-executive Director of the Company, is the daughter-in-law of Mr. Wu, the sole director of the Offeror, Mr. Jiang Senlin and Ms. Wu Wenling shall be excluded to comprise in the Independent Board Committee.

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising all the non-executive Directors who have no direct or indirect interest in the Offer, comprising three independent non-executive Directors, namely, Mr. Zhong Jian, Mr. Pan Yongye and Mr. Liu Qin, has been established to advise the Independent Shareholders as to whether the Offer are fair and reasonable and as to their acceptance.

However, due to the personal health reasons, Mr. Zhong Jian will be unable to fulfill his duties and take responsibilities as a Director and one of the members of the Independent Board Committee in respect of the Offer. The Executive has granted its consent for exclusion of Mr. Zhong Jian from serving on the Independent Board Committee due to his medical condition. The letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer is set out in this Composite Document.

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Appointment of Independent Financial Adviser

Grand Moore has been appointed pursuant to Rule 2.1 of the Takeovers Code and such appointment has been approved by the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. The letter of advice from the Independent Financial Adviser as to whether the Offer is fair and reasonable and as to the acceptance of the Offer is set out in this Composite Document.

3. MANDATORY CONDITIONAL CASH OFFER

Beta Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer on the following basis:

For each Offer Share HK\$0.05 in cash

The Offer Price of HK\$0.05 per Offer Share is equal to the purchase price per Sale Shares paid by the Offeror under the Sale and Purchase Agreements.

All the Offer Shares to be acquired under the Offer shall be (i) fully-paid; (ii) free from mortgage, charge, pledge, lien (otherwise than arising by statutes or operation of law), equities or other third party rights and interests of any nature; and (iii) with all rights attached to the Shares including all rights to any dividends and other distributions hereafter declared, paid or made, if any, on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

The Directors (excluding Mr. Zhong Jian) confirm that, as at the Latest Practicable Date, the Company has not declared any dividend that is unpaid and does not intend to declare or pay any dividend or make other distributions on or before the close or lapse of the Offer.

Further details of the terms of the Offer and the procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance

4. CONDITION TO THE OFFER

The Offer is conditional on the number of Shares in respect of valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide), together with the Shares already owned by the Offeror and parties acting in concert with it and acquired or agreed to be acquired before or during the Offer Period, resulting in the Offeror and parties acting in concert with it holding in aggregate more than 50% of the voting rights of the Company. This Condition cannot be waived.

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If the Condition cannot be fulfilled by the Closing Date, the Offer will lapse, unless the Closing Date is extended. The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the condition to the Offer in accordance with the Takeovers Code and the Listing Rules. As at the Latest Practicable Date, the Condition has not been fulfilled.

Further details of the Offer including the terms and conditions, the procedures for acceptance and settlement and the acceptance period are set out in the “Letter from Beta Securities” and Appendix I headed “Further Terms and Procedures of Acceptance of the Offer” to this Composite Document and the accompanying Form of Acceptance.

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5. SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) immediately prior to the entering into of the Sale and Purchase Agreements; (ii) immediately after the Completion; and (iii) as at the Latest Practicable Date is as follows:

Name of Shareholders	Immediately prior to the entering into of the Sale and Purchase Agreements		Immediately after the Completion and as at the Latest Practicable Date	
	<i>Number of</i>		<i>Number of</i>	
	<i>Shares</i>	<i>Approximate %</i>	<i>Shares</i>	<i>Approximate % (Note 7)</i>
WIFHL (Note 1)	404,266,480	28.09%	94,266,480	6.55%
Mr. Pan	281,384,626	19.55%	—	—
Ms. Lu (Note 5)	69,130,440	4.80%	—	—
WIFL (Note 6)	28,530,160	1.98%	—	—
Mr. Tang (Note 2)	26,054,491	1.81%	26,054,491	1.81%
Wonder International Financial (Note 6)	20,000,000	1.39%	—	—
WIIHL (Note 3)	<u>14,276,766</u>	<u>0.99%</u>	<u>14,276,766</u>	<u>0.99%</u>
WIFHL Concert Group and parties acting in concert with it (Note 4)	843,642,963	58.61%	134,597,737	9.35%
The Offeror and parties acting in concert with it (Note 4)	—	—	709,045,226	49.26%
Other Shareholders	<u>595,742,780</u>	<u>41.39%</u>	<u>595,742,780</u>	<u>41.39%</u>
Total	<u>1,439,385,743</u>	<u>100.00%</u>	<u>1,439,385,743</u>	<u>100.00%</u>

Notes:

1. The ultimate beneficial owner of WIFHL is Mr. Li Gang, who is the ultimate beneficial owner of WIIHL.
2. Mr. Tang is the son of Mr. Li Gang.
3. The ultimate beneficial owner of WIIHL is Mr. Li Gang.
4. Save for the acquisition of the Sales Shares pursuant to the Sale and Purchase Agreements, there is no other relationship between any members of the WIFHL Concert Group and the Offeror or Mr. Wu.

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5. Given (i) the ultimate holding company of WIFHL is Hua Zhi Investment Limited, which is in turn owned as to 72.01% by Mr. Li Gang, 16.01% by Mr. Wang Shengkun and 11.98% by Ms. Lu Qing; (ii) the ultimate beneficial owner of WIIHL and WIFHL is Mr. Li Gang; (iii) WIFHL and WIFL were group companies in the past before 2023; (iv) both WIFL and Wonder International Financial are wholly-owned subsidiaries of Wonderland Capital International Holdings Limited; and (v) Mr. Tang is the son of Mr. Li Gang, accordingly, WIFHL, WIIHL, WIFL, Wonder International Financial, Mr. Tang and Ms. Lu consider they are acting in concert.
6. Both WIFL and Wonder International Financial are wholly-owned subsidiaries of Wonderland Capital International Holdings Limited, which holds approximately 13.18% shareholding interest in WIIHL. The ultimate holding company of Wonderland Capital International Holdings Limited is Wonderland Group Investment Holdings Corporation, which is in turn owned as to 50% by Mr. Jiang Peixing and 50% by Mr. Liu Shao Kang.
7. The percentage figures are subject to rounding adjustments and, accordingly, figures shown in total in the above table may not be an arithmetic aggregation of the figures preceding them.

6. INFORMATION OF THE GROUP

The Group is principally engaged in the supply of construction essentials business in the PRC 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.

Financial and general information of the Group is set out in the Appendix II titled “Financial Information of the Group” and Appendix IV titled “General Information of the Group” to this Composite Document.

7. INFORMATION OF THE OFFEROR AND PARTY ACTING IN CONCERT WITH IT

Information of the Offeror is set out in the section headed “Information of the Offeror and parties acting in concert with it” in the “Letter from Beta Securities” in this Composite Document.

8. THE OFFEROR’S FUTURE INTENTION ON THE GROUP

Your attention is drawn to the paragraph headed “The Offeror’s Future Intentions on the Group” in “Letter from Beta Securities” in this Composite Document.

The Offeror intends to continue the principal business of the Group. The Offeror has no intention to discontinue the employment of any employees of the Group nor introduce major changes in the business of the Group nor re-deploy the fixed assets of the Group other than in the ordinary course of business. As at the Latest Practicable Date, the Offeror stated that it has no intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, to dispose of or to cease the existing business of the Group.

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The Offeror has also stated that it does not intend to change the position of the Board after the close of the Offers. Any changes to the members of the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s) will be made as and when appropriate.

In light of the above, the Board is of the view that the Offeror's intentions in relation to the Group and its employees are reasonable as it would ensure continuity and stability of the Group's business operations going forward. Such intentions of the Offeror are not expected to have material adverse impact on the existing businesses of the Group.

9. PUBLIC FLOAT AND MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares (excluding treasury shares), are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

The Board noted that the Offeror intended the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the new directors to be appointed to the Board of the Company (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

10. RECOMMENDATION

Your attention is drawn to the sections headed "Letter from the Independent Board Committee" and "Letter from the Independent Financial Adviser" in this Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendation. You are urged to read these letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.

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11. ADDITIONAL INFORMATION

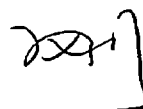

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I headed "Further Terms and Procedures of Acceptance of the Offer" to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

In considering what action to take in connection with the Offer, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

Yours faithfully,

On behalf of the Board

Enviro Energy International Holdings Limited



Li Gang

Chairman and Executive Director