



UNIT 3326, 33/F, CHINA MERCHANTS TOWER, SHUN TAK CENTRE,
NO. 168-200 CONNAUGHT ROAD CENTRAL, HONG KONG
TEL : 3590 9488

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY CONDITIONAL CASH OFFER BY
BETA INTERNATIONAL SECURITIES LIMITED 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)**

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.

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 the 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.

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, representing approximately 9.35% of the issued share capital of the Company as at the Latest Practicable Date, 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.

This letter forms part of this Composite Document and sets out, among other things, details of the terms of the Offer, the information of the Offeror and the intention of the Offeror in relation to the Group. Further details of the terms and the procedures of acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

The Independent Shareholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser”, the accompanying Form of Acceptance and the appendices which form part of this Composite Document and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offer.

MANDATORY CONDITIONAL CASH OFFER

The 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

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.

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.

The Offer may or may not become unconditional. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares. Those who are in doubt as to the action should consult a licensed securities dealer or registered institutions in securities, bank manager, solicitor, professional accountant or other professional advisers.

Comparison of value of the Offer Price

The Offer Price of HK\$0.05 per Offer Share represents:

- (i) a discount of approximately 13.79% to the closing price of HK\$0.058 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 24.24% to the closing price of HK\$0.066 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 18.03% to the average closing price of HK\$0.061 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 20.38% to the average closing price of HK\$0.0628 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (v) a price difference of approximately HK\$0.094 as compared to the audited consolidated net liabilities of approximately HK\$0.044 per Shares as at 31 December 2023, which is calculated based on the Group's audited consolidated net liabilities of the Company of approximately HK\$63,884,000 as at 31 December 2023 and 1,439,385,743 Shares in issue as at the Latest Practicable Date; and
- (vi) a price difference of approximately HK\$0.068 as compared to the unaudited consolidated net liabilities of the Company of approximately HK\$0.018 per Share as at 30 June 2024, which is calculated based on the Group's unaudited consolidated net liabilities of the Company of approximately HK\$26,554,000 as at 30 June 2024 and 1,439,385,743 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares was HK\$0.089 per Share as quoted on the Stock Exchange on 14 November 2024 and the lowest closing price of the Shares was HK\$0.052 per Share as quoted on the Stock Exchange on 9 December 2024.

Value and total consideration of the Offer

As at the Latest Practicable Date, the Company had 1,439,385,743 Shares in issue. On the basis of the Offer Price of HK\$0.05 per Share, the entire issued ordinary share capital of the Company would be valued at approximately HK\$71.97 million.

Immediately after the Completion and as at the Latest Practicable Date, save for (i) the 709,045,226 Shares held by the Offeror; and (ii) the 134,597,737 Shares held by the WIFHL Concert Group, of which the WIFHL Concert Group has irrevocably undertaken not to accept the Offer, and assuming the Offer is accepted in full and assuming that there is no change in the total issued share capital of the Company up to the close of the Offer, a total of 595,742,780 Shares (representing approximately 41.39% of the total issued share capital of the Company as at the Latest Practicable Date) will be subject to the Offer. The maximum cash consideration payable by the Offeror under the Offer would be HK\$29,787,139 based on the Offer Price of HK\$0.05 per Offer Share.

Confirmation of financial resources available for the Offer

The maximum payment obligations payable for the Offer shall be payable in cash. The Offeror intends to finance the consideration for the Offers by a combination of cash from its own internal resources and external financing. The maximum aggregate amount payable by the Offeror for the Offer would be HK\$29,787,139 based on the Offer Price of HK\$0.05 per Offer Share assuming full acceptance of the Offer.

Nuada Limited, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to satisfy the maximum payment obligations upon full acceptance of the Offer in respect of 595,742,780 Offer Shares (excluding the Remaining Shares held by WIFHL Concert Group, of which WIFHL Concert Group has irrevocably undertaken not to accept the Offer).

Effect of accepting the Offer

By accepting the Share Offer, provided that valid acceptance forms and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the branch share registrar of the Company in Hong Kong, the Shareholders will sell their tendered Shares to the Offeror free from all liens, claims, charges, options, equities, adverse interests, third party rights or Encumbrances whatsoever and together with all rights accruing or attaching thereto, including without limitation, the right to receive all dividends and distributions declared, paid or made, if any, on or after the date on which the Share Offer is made, being the date of despatch of this Composite Document.

As at the Latest Practicable Date, no dividend has been paid or declared by the Company and it is advised by the Board that no dividend is expected to be declared during the Offer Period.



Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code. Rule 17 of the Takeovers Code provides that an acceptor of the Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date of the Offer if the Offer has not by then become unconditional as to acceptances.

Closing of the Offer

In accordance with Rule 15.1 of the Takeovers Code, the First Closing Date of the Offer will fall on the 21st day from the date of the Composite Document, being Monday, 24 March 2025. Where the Offer becomes or is declared unconditional (whether as to acceptances or in all respects), it shall remain open for acceptance for not less than fourteen (14) days thereafter, provided that the Offer shall initially be open for acceptance for at least twenty-one (21) days. The Independent Shareholders are reminded that the Offeror does not have any obligations to keep the Offer open for acceptance beyond this minimum 14-days period.

The latest time on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the date of the Composite Document (or such later date to which the Executive may consent). In accordance with Rule 15.3 of the Takeovers Code, the Offeror will publish an announcement when the Offer becomes unconditional as to acceptances and when the Offer becomes unconditional in all respects.

Payment

Payment in cash in respect of the acceptance of the Offer will be made as soon as possible but in any event, no later than seven (7) business days (as defined in the Takeovers Code) following the later of the date on which the Offer becomes, or is declared, unconditional and the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Shares in respect of such acceptance are received by and for the Offeror to render each such acceptance of the Offer complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.1 of the Takeovers Code.

No fractions of a cent (HK\$) will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent (HK\$).

Hong Kong stamp duty

The seller's Hong Kong *ad valorem* stamp duty payable by the Independent Shareholders who accept the Offer and calculated at a rate of 0.1% of the higher of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Offer.



The Offeror will arrange for payment of the seller's Hong Kong *ad valorem* stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong *ad valorem* stamp duty in connection with the acceptance of the Share Offer and transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation advice

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Nuada Limited, Beta Securities, Donvex Capital and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

The Offeror intends to make the Offer available to all Independent Shareholders, including the Overseas Shareholders. However, the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they reside. The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice. It is the sole responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from the accepting Overseas Shareholders in respect of such jurisdictions).

Any acceptance by the Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the local laws and requirements have been complied with and such acceptance shall be lawful, valid and binding in accordance with all applicable laws. Such Overseas Shareholders should consult their respective professional advisers if in doubt.

As at the Latest Practicable Date, based on the register of members of the Company, there are five (5) Overseas Shareholders holding 71,002,800 Shares in aggregate as at the Latest Practicable Date (representing approximately 4.93% of the total issued share capital of the Company as at the Latest Practicable Date). The Offeror and the Company will despatch the composite document in relation to the Offer to the Overseas Shareholders.

Any acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and regulations have been complied with. Overseas Shareholders should consult their professional advisers if in doubt.

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.

Set out below is a summary of (i) the audited financial information of the Group for each of the two financial years ended 31 December 2023 and 2022 as extracted from the annual reports of the Company for the years ended 31 December 2023 and 2022 respectively; and (ii) the unaudited financial information of the Group for each of the six months ended 30 June 2024 and 2023 as extracted from the respective interim report of the Company for the respective periods:

	For the six months ended 30 June		For the year ended 31 December	
	2024	2023	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Revenue	227,376	242,428	531,504	269,577
Profit/(loss) before income tax	(84,234)	8,199	(14,765)	(248,719)
Profit/(loss) after income tax	(87,940)	3,354	(24,286)	(252,404)
	As at			
	30 June		31 December	
	2024	2023	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Net assets/(net liabilities)	(26,554)	(37,051)	(63,884)	(40,171)

Your attention is also drawn to Appendix II to this Composite Document for the summary of the consolidated statement of profit or loss and other comprehensive income of the Group.



INFORMATION OF THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT

The Offeror is wholly-owned by Mr. Wu. Mr. Wu, aged 67, has extensive management experience in construction and engineering industry. He is the founder and chairman of Zhejiang Zhongnan Construction Group Co., Ltd, a company established in 1984 principally engaged in construction and engineering services in the PRC. Mr. Wu is the ultimate beneficial owner of Hangzhou Zhongji Architectural Decoration Engineering Co., Ltd. (杭州中機建築裝飾工程有限公司), which holds 40% of Hangzhou Junheng Building Materials Limited (杭州峻衡建材有限公司), a subsidiary of the Company since 20 October 2022, as disclosed in the announcement of the Company dated 31 October 2022.

Mr. Wu has won many honors, including Hangzhou Model Worker, Hangzhou Outstanding Contribution to Literature and Art, Outstanding Township Entrepreneur of Zhejiang Province, Chinese Township Entrepreneur, and National Outstanding Entrepreneur of Architectural Decoration. Mr. Wu served as a member of the 10th Zhejiang Provincial Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議浙江省委員會) and a representative of the 12th and 13th Hangzhou Municipal People's Congress (浙江省人民代表大會). Mr. Wu is currently the Chairman of the Advisory Committee of the Zhejiang Federation of Industry and Commerce, the Chairman-in-office of the Zhejiang Entrepreneurs Association, Vice Chairman of the China Private Economy Research Association, a member of the National Standardization Working Committee of the All-China Federation of Industry and Commerce, the Executive Chairman of the China Cultural Chamber of Commerce for the Private Sector, the Vice Chairman of the China Building Decoration Association, and the Executive Chairman of the Zhejiang Development Association for the Private Sector.

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 the 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.

THE OFFEROR'S FUTURE INTENTION ON THE GROUP

Mr. Wu is optimistic about the future prospects of the Company and the business of the supply of building materials and aluminum related products in the PRC. Accordingly, Mr. Wu considers the investment in the Company through the Offeror represents a good opportunity to gain a strong position in the domestic market of building materials and aluminum related products and achieve long-term value and strong returns.

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 has no intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, to dispose of or to cease the existing business of the Group.

The Offeror will, following the close of the Offer, review the operations of the Group from time to time in order to enhance a long-term growth potential for the Group and explore other business or investment opportunities for enhancing its future development and strengthening its revenue base. The Offeror may explore other business opportunities for the Company and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company. As at the Latest Practicable Date, the Offeror has not identified any such investment or business opportunities nor has entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

The Board currently comprises three executive Directors, namely Mr. Li Gang (Chairman), Mr. Pan Lihui and Mr. Cao Zhongshu; two non-executive Directors, namely Mr. Jiang Senlin and Ms. Wu Wenling; and three independent non-executive Directors, namely Mr. Zhong Jian, Mr. Pan Yongye and Mr. Liu Qin.

The Offeror intends to nominate new Director(s) to the Board with effect from a date which is no earlier than such date as permitted under the Takeovers Code or such later date as the Offeror considers to be appropriate. As at the Latest Practicable Date, the Offeror had not identified any candidate(s) for the new Director(s) to be appointed to the Board. 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.

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) that 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 Offeror intends 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.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding further terms and conditions of the Offer, the procedures for acceptance and settlement and the acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer.

GENERAL

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

Attention of the Overseas Shareholders is drawn to the paragraph headed “7. Overseas Shareholders” in Appendix I to this Composite Document. All communications, notices, Form of Acceptance, share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. None of the Offeror, parties acting in concert with it, the Company, Nuada Limited, Beta Securities, Donvex Capital, the Share Registrar or (as the case may be) their respective ultimate beneficial owners, directors, officers, agents and associates nor any other person involved in the Offer will be responsible for any loss or delay in postage or any other liabilities that may arise as a result thereof or in connection therewith. Further details have been set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.



ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. You are reminded to carefully read the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Independent Financial Adviser" and other information about the Group, which are set out in this Composite Document and the accompanying Form of Acceptance before deciding whether or not to accept the Offer.

In considering what action to take in connection with the Offer, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers.

Yours faithfully,

For and on behalf of

Beta International Securities Limited
BETA INTERNATIONAL SECURITIES LIMITED
貝塔國際證券有限公司

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Ip Fai Kit Signature(s)

Director