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

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

This circular appears for information only and does not constitute an invitation or offer to Shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.

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) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 60% ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company

Donvex Capital Limited 富域資本有限公司

Independent Financial Adviser to the Independent Board Committee

中毅資本有限公司 Grand Moore Capital Limited

Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise. A letter from the Board is set out on pages 5 to 20 of this circular and a letter from the Independent Board Committee to the Independent Shareholders is set out on pages 21 to 22 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 23 to 52 of this circular.

A notice convening the EGM to be held at Units 1201–03, 12/F., Podium Plaza, 5 Hanoi Road, Tsim Sha Tsui, Kowloon, Hong Kong on Thursday, 26 March 2026 at 12:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for the EGM for use by the Shareholders is enclosed with this circular. Whether or not you are able to attend the EGM in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited. at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable and in any event not later than 48 hours before the time designated for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting should you so wish.

10 March 2026

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

"Acquisition"	the acquisition of the Sale Shares by the Company pursuant to the Sale and Purchase Agreement
"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"Announcement"	the announcement of the Company dated 28 July 2025 in relation to the Acquisition
"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	a day on which banks are generally open for business in Hong Kong, the PRC and the 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 at any time between 9:00 a.m. and 5:00 p.m.
"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 (stock code: 1102)
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
"Completion Date"	the date of the Completion, being the seventh (7th) Business Day upon the fulfillment or waiver (as the case may be) of the conditions precedent under the Sale and Purchase Agreement
"connected person(s)"	has the same meaning as ascribed to it under the Listing Rules
"Consideration"	the consideration of HK$68 million for the Acquisition
"Consideration Share(s)"	1,360,000,000 Shares to be allotted and issued by the Company to the Vendors (or as they may direct) at the Issue Price as settlement of the Consideration under the Sale and Purchase Agreement
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company

"EGM"	the extraordinary general meeting of the Company to be held to approve, inter alia, the Sale and Purchase Agreements and the Acquisition contemplated thereunder and the Specific Mandate
"Enlarged Group"	the Group as enlarged by the Acquisition
"Group"	the Company and its subsidiaries
"Hangzhou Zhongji"	Hangzhou Zhongji Architectural Decoration Engineering Co., Ltd.* (杭州中機建築裝飾工程有限公司), a company incorporated in the PRC with limited liability, which is owned as to approximately 95.45% by Zhejiang Hengji Commercial Management Co., Ltd. and approximately 4.55% by Aquamarine Asia Limited as at the Latest Practicable Date
"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 Ms. Xie Jiayang, Mr. Zhang Xiaoqiang and Mr. Pan Yongye, established to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement and the Acquisition contemplated thereunder
"Independent Financial Adviser"	Grand Moore Capital Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
"Independent Shareholders"	the Shareholder(s) who are not involved or interested in (other than solely as a Shareholder) the Sale and Purchase Agreement and the Acquisition contemplated thereunder and/or the Specific Mandate and therefore permitted to vote in respect of the resolution(s) to approve the Sale and Purchase Agreement and the Acquisition contemplated thereunder and issue of Consideration Shares under the Specific Mandate
"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 Consideration Share
"Joint Venture"	Hangzhou Jun Heng Building Materials Limited* (杭州峻衡建材有限公司), a limited liability company incorporated in the PRC on 20 October 2022, which is an indirectly non-wholly owned subsidiary of the Company and owned as to 60% by the Group and 40% by Hangzhou Zhongji as at the Latest Practicable Date
"Latest Practicable Date"	4 March 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
"Listing Committee"	has the meaning ascribed to it under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 March 2025 or such later date as the Company and the Vendors may from time to time agree in writing
"Mr. Wu"	Mr. Wu Jianrong, the legal and beneficial owner of the entire issued share capital of Vendor A
"Mrs. Wu"	Ms. Shi Fengxiang, the spouse of Mr. Wu and the legal and beneficial owner of the entire issued share capital of Vendor B
"PRC"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the sale and purchase agreement dated 28 July 2025 entered into between the Company and the Vendors in relation to the Acquisition
"Sale Shares"	30,000 issued shares of the Target Company, representing 60% issued share capital of the Target Company
"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)
"Specific Mandate"	the specific mandate to be sought from the Independent Shareholders at the EGM to grant to the Board the authority for the allotment and issue of the Consideration Shares
"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
"Target Company"	Sapphire Asia Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned as to 90% by Vendor A and 10% by Vendor B as at the Latest Practicable Date
"Target Group"	the Target Company and its subsidiaries
"Valuation Report"	the valuation report issued by PSA (HK) Surveyors Limited in respect of the fair value of 100% equity interest of the Target Company as at 30 June 2025
"Valuer"	PSA (HK) Surveyors Limited
"Vendors"	Vendor A and Vendor B
"Vendor A"	Amethyst Asia Limited, a company incorporated in the British Virgin Islands with limited liability, the controlling Shareholder of the Company which holds 731,358,376 Shares, representing approximately 50.81% of the total issued share capital of the Company as at the Latest Practicable Date, and is wholly-owned by Mr. Wu
"Vendor B"	Ruby Asia Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by Mrs. Wu
"%"	per cent

* *For identification purpose only*

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. Wu Wei *(Chairman)*
Mr. Lai Dexing
Mr. Cao Zhongshu

Non-executive Directors:
Mr. Jiang Senlin

Independent Non-executive Directors:
Ms. Xie Jiayang
Mr. Zhang Xiaoqiang
Mr. Pan Yongye

Registered office:
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Room 2201B
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25 Harbour Road
Wanchai
Hong Kong

10 March 2026

To the Shareholders

Dear Sir or Madam,

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 60% ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement of the Company dated 28 July 2025 in relation to, among other things, the proposed acquisition of the 60% issued share capital of the Target Company.

The purpose of this circular is to provide the Shareholders with, among other things, (i) further information in relation to the Acquisition; (ii) recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Acquisition; (iii) the letter from the Independent Financial Adviser to the Independent Board Committee in respect of the Acquisition; (iv) additional information as required under the Listing Rules; and (v) the notice of the EGM.

THE ACQUISITION

On 28 July 2025, the Company, as purchaser, entered into the Sale and Purchase Agreement with the Vendors, pursuant to which the Company has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares (representing the 60% issued share capital of the Target Company) at the Consideration of HK$68 million.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as below:

Date:	28 July 2025
Parties:	(i) The Company, as purchaser; (ii) Amethyst Asia Limited, as Vendor A; and (iii) Ruby Asia Limited, as Vendor B
Assets to be acquired:	The Sale Shares, representing 60% of the issued shares of the Target Company. As at the date of the Sale and Purchase Agreement, the Sale Shares are owned as to 90% by Vendor A and 10% as to Vendor B.
Consideration:	The Consideration for the Sale Shares is HK$68 million, which was determined after arm's length negotiations between the Company and the Vendors on normal commercial terms, with reference to the preliminary appraised value of the Target Group as at 30 June 2025 of approximately HK$115 million using asset-based approach conducted by the Valuer, which mainly includes: (i) the appraised value of the 40% remaining interest of Joint Venture indirectly held by the Target Company of approximately HK$103 million; and (ii) the appraised value of the net assets (excluding the 40% remaining interest of Joint Venture) of the Target Group of approximately HK$12 million.

The Directors (including the independent non-executive Directors whose views have been set out in the letter from the Independent Board Committee in this circular, but excluding Mr. Wu Wei and Mr. Cao Zhongshu who are required to abstain from voting at the Board meeting relating to the approval of the Sale and Purchase Agreement and the Acquisition contemplated thereunder and the independent non-executive Directors) believe that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Payment terms:

The Consideration will be satisfied by way of issue and allotment of 1,360,000,000 Consideration Shares by the Company at the Issue Price of HK$0.05 per Consideration Share to Vendor A, which is wholly-owned by Mr. Wu, the spouse of Mrs. Wu who is the sole shareholder of Vendor B.

Pursuant to the Sale and Purchase Agreement, the Vendors (being both Vendor A and Vendor B) agreed that (i) the entire Consideration Shares shall be issued to Vendor A; and (ii) the Company's payment obligations under the Sale and Purchase Agreement will be fulfilled upon the issuance of the entire 1,360,000,000 Consideration Shares to Vendor A.

Conditions precedent:

Completion is subject to and conditional upon the satisfaction or waiver (if applicable) of the following conditions:

(i) the obtaining of the approval from the Independent Shareholders at the EGM in respect of the Acquisition, the issue of Consideration Shares under the Specific Mandate;

(ii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares; and

(iii) the obtaining of all other necessary authorisations, consents, and approvals in relation to the Acquisition as contemplated under the Sale and Purchase Agreement and the Specific Mandate.

All the above conditions precedent are not waivable. As at the Latest Practicable Date, none of the conditions precedent above has been fulfilled.

	If the conditions precedent of the Sale and Purchase Agreement are not fulfilled on or before the Long Stop Date, the Company may unilaterally terminate the Sale and Purchase Agreement in writing within ten Business Days after the Long Stop Date.
Completion:	The Completion shall take place on the Completion Date after the fulfillment of the conditions precedent under the Sale and Purchase Agreement.

The Consideration Shares

The Consideration Shares will be issued and allotted at the Issue Price of HK$0.05 each, credited as fully paid. The Consideration Shares will be allotted and issued under the Specific Mandate to be approved by the Independent Shareholders at the EGM.

The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects among themselves and with the Shares in issue.

The 1,360,000,000 Consideration Shares, when allotted and issued, will represent (i) approximately 94.5% of the existing issued Shares as at the Latest Practicable Date; and (ii) approximately 48.6% of the issued Shares as enlarged by the Consideration Shares upon the Completion.

The Issue Price of the Consideration Shares represents:

(i) a premium of approximately 16.28% over the closing price of HK$0.043 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 3.85% to the closing price of HK$0.052 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;

(iii) a discount of approximately 4.21% to the average closing price of HK$0.0522 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the date of the Sale and Purchase Agreement; and

(iv) a premium of approximately 100% over the audited consolidated net asset value attributable to the Shareholders as at 31 December 2024 of approximately HK$0.025 per Share (based on the audited consolidated net asset value attributable to Shareholders as at 31 December 2024 (the date of which the latest audited financial results of the Group were made up) of approximately HK$36.05 million divided by 1,439,385,743 Shares in issue as at the Latest Practicable Date.

Listing Application

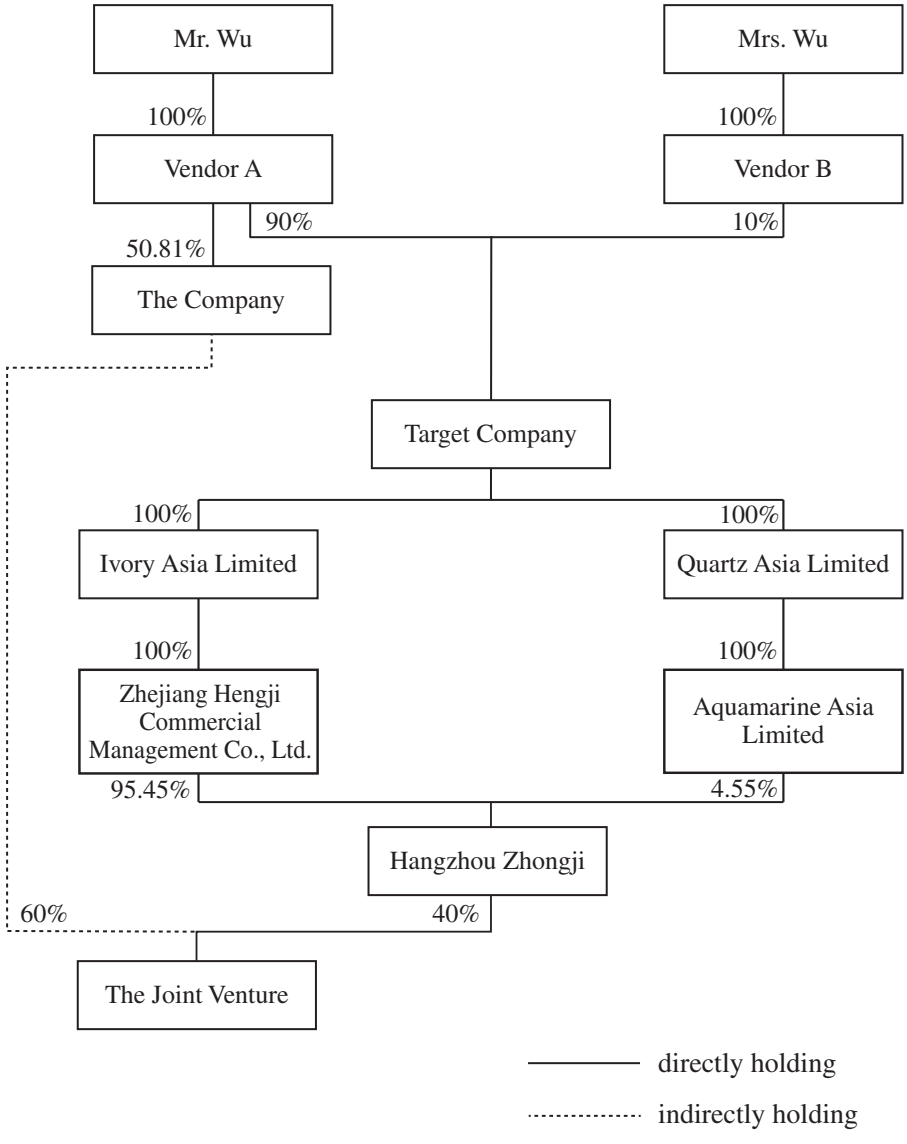
Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange.

INFORMATION OF THE TARGET COMPANY AND THE TARGET GROUP

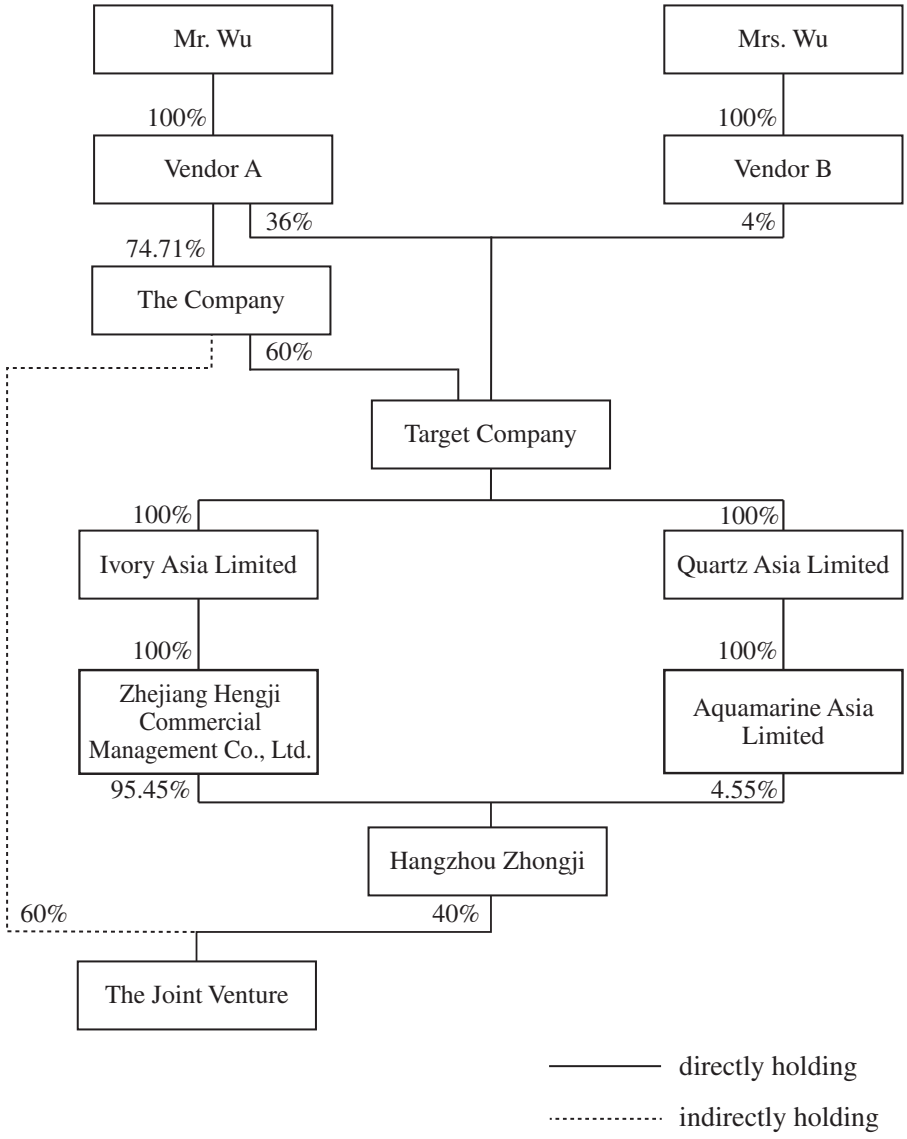
The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability. Ivory Asia Limited, Quartz Asia Limited, Zhejiang Hengji Commercial Management Co., Ltd. and Aquamarine Asia Limited are all dormant companies and do not have any operations. The Target Company is indirectly interested in 40% equity interest of the Joint Venture, which represented the principal investment of the Target Company, while Hangzhou Zhongji is the major operating subsidiary of the Target Group.

As disclosed in the accountants' report of the Target Group as set out in Appendix II to this circular, the audited balance of total assets and net assets of Target Group as at 30 September 2025 were approximately HK$202.3 million and HK$78.9 million respectively.

As at the Latest Practicable Date, the shareholding structure of the Target Group is as follows:



Immediately upon Completion, the shareholding structure of the Target Group is as follows:



Hangzhou Zhongji

Hangzhou Zhongji is a limited company established in the PRC on 15 July 2020 and is principally engaged in the provision of renovation services in the PRC. As at the Latest Practicable Date, Hangzhou Zhongji is owned as to approximately 95.45% by Zhejiang Hengji Commercial Management Co., Ltd. and approximately 4.55% by Aquamarine Asia Limited.

In view of increasing the attractiveness of the residential properties, property developers in the PRC generally offer fully renovated residential properties to customers. As such, property developers in the PRC would generally engage a renovation service provider for the renovation of the entire residential complex to allow consistency in quality, reduce building waste and improve cost efficiency, which was promoted by local governments in the PRC.

Leveraging on the business network of Vendor A in the construction and renovation business in Hangzhou, Hangzhou Zhongji was able to secure three renovation projects during the three years ended 31 December 2024 and nine months ended 30 September 2025, which Hangzhou Zhongji was responsible for the renovation of the entire residential complex for each of the projects.

In particular, (i) Hangzhou Zhongji acted as the principal subcontractor overseeing and managing renovation projects for two residential complexes, which were completed during the year ended 31 December 2023 and 2024; and (ii) Hangzhou Zhongji acted as the subcontractor to provide renovation services for one residential complex, which commenced during the nine months ended 30 September 2025 and is expected to be completed by 2027.

Set out below is a summary of the financial information of Hangzhou Zhongji for the years ended 31 December 2024 and 2023, and the nine months ended 30 September 2025:

	For the nine months ended 30 September 2025	**For the year ended 31 December 2024**	**31 December 2023**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	163,865	23,399	26,646
Profit before income tax	55,331	13,381	21,978
Profit after income tax	42,270	11,808	19,098

The financial performance of Hangzhou Zhongji for the year ended 31 December 2024 decreased as compared to that of 2023, which primarily attributed to the completion of a renovation projects of Hangzhou Zhongji during the year ended 31 December 2023.

The revenue and profit after income tax of Hangzhou Zhongji for the nine months ended 30 September 2025 were approximately HK$163.9 million and HK$42.3 million respectively, which was higher than its revenue and profit after income tax of approximately HK$23.4 million and HK$11.8 million for the year ended 31 December 2024 respectively. This was primarily attributable to (i) the completion of one of the renovation project during the first half of 2024 and no further renovation projects were commenced by Hangzhou Zhongji until the first half of 2025; and (ii) the commencement of a major renovation project in 2025.

The total assets and net assets of Hangzhou Zhongji as at 30 September 2025 were approximately HK$201.9 million and HK$94.9 million respectively.

The Joint Venture

Reference is made to the announcement of the Company dated 31 October 2022.

On 22 October 2022, the Group and Hangzhou Zhongji jointly set up the Joint Venture, where the Group and Hangzhou Zhongji are interested in 60% and 40% of the registered capital of the Joint Venture respectively. As at the Latest Practicable Date, the Joint Venture is a non-wholly-owned subsidiary of the Company and its financial results are consolidated into the financial statements of the Company.

The Joint Venture is strategically focused on the supply of renovation material for renovation projects. Leveraging on (i) the sourcing network, warehouse and inventory management of the Group; and (ii) the network of Hangzhou Zhongji in the construction and renovation industry, the Joint Venture offers its building materials inventory directly to customers, including property developers and contractors.

Set out below is a summary of the financial information of the Joint Venture for the years ended 31 December 2023 and 2024, and the nine months ended 30 September 2025.

	For the nine months ended 30 September 2025	**For the year ended 31 December 2024**	**31 December 2023**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	289,823	461,848	528,876
Profit before income tax	13,031	27,294	38,214
Profit after income tax	9,765	20,471	28,660

Due to the intense competition in the PRC building materials industry and the rise in price of building materials during 2024, the Joint Venture faced challenges in maintaining its financial performance. Despite such circumstances and the uncertainties of the economy in the PRC in 2024, leveraging on the experience and network of the Group in sourcing of building materials and the business network of Hangzhou Zhongji in the renovation industry, the profit after income tax and profit margin of the Joint Venture only slightly declined for the year ended 31 December 2024.

The total assets and net assets of the Joint Venture as at 30 September 2025 were approximately HK$127.7 million and HK$69.7 million respectively.

INFORMATION OF THE COMPANY AND THE GROUP

The Group is principally engaged in the supply of building materials business.

INFORMATION OF THE VENDORS

Vendor A and Vendor B are companies incorporated in the British Virgin Islands with limited liability and are principally engaged in investment holding. As at the Latest Practicable Date, (i) Vendor A is the controlling Shareholder of the Company and is wholly-owned by Mr. Wu; and (ii) Vendor B is wholly-owned by Mrs. Wu, the spouse of Mr. Wu.

REASONS OF AND BENEFITS FOR THE ACQUISITION

Strategic position of the Joint Venture

Reference is made to the announcement of the Company dated 31 October 2022 in relation to the establishment of the Joint Venture with Hangzhou Zhongji.

Since its establishment, the Joint Venture continued to record satisfactory financial performance with over HK$20 million net profit annually and has built a strong reputation in renovation industry of Zhejiang province as a reliable supplier of renovation materials, which has met the expectation of the Group. Despite the intense competition in the building material industry and the uncertainties of the economy in the PRC in 2024, leveraging on the sourcing capability of the Group and the business network of Hangzhou Zhongji, the Joint Venture recorded revenue and net profit of approximately HK$462 million and HK$20.5 million for the year ended 31 December 2024, which provided stable profit and cash inflow to the Group and enhanced the Group's financial position.

Hangzhou, as the capital of Zhejiang province, a tier 1 city and a tech hub in the PRC, has been attracting considerable investment in commercial real estate due to its economic vibrancy and dynamic business environment, and is home to numerous multinational enterprises. In the first half of 2025, Hangzhou recorded a GDP growth of 5.5% as compared to the same period of 2024, reflecting its strong economic momentum and a rise of demand for office and retail spaces. In view of the continuous economic expansion and prominence in the tech sector of Hangzhou, it is expected that Hangzhou will become a key contributor to the growth of China's commercial real estate market at a CAGR of 6.31% through 2030.

Given these positive economic indicators and market trends, the Company is of the view that the demand for building materials in Hangzhou will continue to increase. As such, the Group believes that the Joint Venture is well positioned to capture the long-term growth opportunities.

The Company intends to continue the existing building material supply business of the Group upon the Completion and has no intention to introduce major changes in its existing building material supply business.

Accordingly, the Company is considering acquiring the issued share capital in the Target Company to further strengthen its interest in the Joint Venture to enjoy more economic benefits brought from its business operation.

Vertical expansion for the Group's existing building materials supply business

Despite the scale of business of Hangzhou Zhongji is relatively small as compared to the Group, Hangzhou Zhongji has the qualification for and expertise in the provision of renovation services in PRC. As such, by acquiring a controlling stake in Hangzhou Zhongji, the Group will have the qualification to vertically expand its existing building material supply business into the renovation industry. In addition, the Acquisition will allow the Group to utilise the customer base and sales network of Hangzhou Zhongji, which represents an excellent

opportunity to improve the operational capabilities and market competitiveness of the Group's building material supply business and better navigate the intense market competition in the PRC building material industry currently faced by the Group.

Management expertise of the Company, the Joint Venture and Hangzhou Zhongji

Upon the establishment of the Joint Venture in 2022, the Group has recruited and established experienced operation teams with experienced manpower for the development of the supply of building materials business.

In developing the supply of building materials business of the Joint Venture, the Company is generally responsible for procurement and delivery of building materials and soliciting customers, while Hangzhou Zhongji provides information in relation to construction and renovation projects for the operation team of the Joint Venture in approaching its customers.

The satisfactory financial performance of the Joint Venture since its established has demonstrated the effectiveness of the management expertise and experience of the Company in its procurement capability and the business network of Hangzhou Zhongji.

In respect of the renovation services operated by Hangzhou Zhongji, given (i) Vendor A became the controlling Shareholder of the Company in January 2025; and (ii) Mr. Wu Wei, the son of Mr. Wu and Mrs. Wu, who has extensive network in the construction and renovation industry in the PRC, joined the Board as an executive Director in April 2025, the Company considers the Company has sufficient expertise and experience in the operation of Hangzhou Zhongji upon Completion.

Operation of Hangzhou Zhongji upon Completion

As Vendor A is the controlling Shareholder of the Company, the ultimate controlling shareholder of Hangzhou Zhongji would remain the same upon Completion. As such, the Company considers the Joint Venture may continue to leverage Hangzhou Zhongji's business network.

In addition, the Company does not expect any material changes in the personnel of Hangzhou Zhongji upon Completion. As at the Latest Practicable Date, Hangzhou Zhongji has 18 staff which are responsible for its business operation and daily administration.

Vertical integration and expansion

Given the renovation business provided by Hangzhou Zhongji would require the utilization of building materials, upon Completion, the Company intends to integrate the operation of Hangzhou Zhongji and the Joint Venture, where the Joint Venture shall source building materials for Hangzhou Zhongji for its renovation operation, which may improve the profitability of Hangzhou Zhongji.

As at the Latest Practicable Date, Hangzhou Zhongji is the subcontractor for the renovation of one residential complex in Hangzhou, which is expected to be completed by 2027. Despite the Company is optimistic that Hangzhou Zhongji may secure additional renovation projects with the leverage of the business network of Vendor A, given the renovation of an entire residential complex would require substantial manpower and working capital, Hangzhou Zhongji had adopted a prudent approach in the number of ongoing renovation projects. The Company will assess the manpower and working capital needs for Hangzhou Zhongji in the event of securing additional renovation projects after the Completion.

In light of the above, the Company considers that the Acquisition strategically aligns with the Group's business plan to expand its business in the building and renovation industry to broaden its revenue stream, which may represent a further enhancement for its turnover and profitability.

Issuance of the Consideration Shares in preserving the cash position of the Group

The Company considers the settlement of the Consideration by way of issuing the Consideration Shares may allow the Group to maintain a healthy cash flow balance for working capital and business development.

The Company has considered alternative fundraising methods for the settlement of the Consideration such as debt financing, open offer and rights issue to finance the Acquisition.

Debt financing

The Company considered debt financing may not be feasible for the Group as (i) the Group does not have tangible assets that could be offered to financial institutions as security for debt financing; and (ii) it may incur further financial costs and increase interest burden of the Group, which may affect the financial performance of the Group.

Equity fundraising

The Company considered equity fundraising such as open offer or rights issue, which would allow existing Shareholders to participate to maintain their shareholding interests in the Company. However, in view of (i) the thin liquidity of the Shares, where the average trading volume of the Shares for the 12 months prior to the date of the Sale and Purchase Agreement only represented approximately 0.36% of the total issued Shares of the Company; and (ii) the uncertain sentiment of the stock market and uncertain economic environment, it is uncertain as to whether the Company would be able to raise sufficient funding to finance the settlement of the Consideration.

As such, as at the Latest Practicable Date, the Company did not have any plan or intention to conduct equity fundraising activities within the next 12 months.

Potential dilution effect of the issue of the Consideration Shares

As illustrated in the table under the section headed ''Effects on shareholding structure of the Company'' below, upon Completion and assuming that there is no other change to the issued share capital of the Company from the Latest Practicable Date and up to the date of the Completion, the shareholding interest of the existing public Shareholders would be diluted by approximately 48.60%.

Issue of the Consideration Shares with reference to the market price of the Shares

As the Issue Price of the Consideration Shares merely represented (i) a discount of approximately 3.85% to the closing price of HK$0.052 per Share as at the date of the Sale and Purchase Agreement; and (ii) a premium of 16.28% over the closing price of HK$0.043 per Share as at the Latest Practicable Date, the Company considers that the issue of the Consideration Shares would effectively represents an equity fundraising activity offered with reference to the market price of the Shares.

In view of the above, the Board is of the view that the aforementioned level of dilution to the shareholding interests of the existing public Shareholders is acceptable.

Accordingly, the Board is of the view that the settlement of the Consideration by way of issuance of Consideration Shares is fair and reasonable and interest of the Company and its Shareholders as a whole.

Conclusion

As such, the Directors (including the independent non-executive Directors whose views have been set out in the letter from the Independent Board Committee in this circular, but excluding Mr. Wu Wei and Mr. Cao Zhongshu who are required to abstain from voting at the Board meeting relating to the approval of the Sale and Purchase Agreement and the Acquisition contemplated thereunder) consider that the terms of the Sale and Purchase Agreement, including the Consideration, are fair and reasonable and on normal commercial terms and the Acquisition is in the interest of the Company and the Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date to the Completion Date other than the Consideration Shares, upon Completion, Vendor A will continue to be the controlling Shareholder and there will not be any change of control of the Company.

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon the Completion and issue of the Consideration Shares, assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date to the Completion Date other than the Consideration Shares:

	As at the Latest Practicable Date		**Immediately upon the Completion and issue of the Consideration Shares**	
	Number of Shares	*Approximate % of issued Shares*	*Number of Shares*	*Approximate % of issued Shares*
Vendor A	731,358,376	50.81%	2,091,358,376	74.71%
Wonderland International Financial Holdings Limited ("**WIFHL**") *(Note 1)*	94,266,480	6.55%	94,266,480	3.37%
Mr. Tang Zhengbang *(Note 2)*	26,054,491	1.81%	26,054,491	0.93%
Wonderland International Investment Holdings Limited ("**WIIHL**") *(Note 3)*	14,276,766	0.99%	14,276,766	0.51%
Subtotal of WIFHL and parties acting concert with it *(Note 4)*	134,597,737	9.35%	134,597,737	4.81%
Other Shareholders	573,429,630	39.84%	573,429,630	20.48%
Total	1,439,385,743	100.00%	2,759,385,743	100.00%

Notes:

1. The ultimate beneficial owner of WIFHL is Mr. Li Gang, who is also the ultimate beneficial owner of WIIHL.

2. Mr. Tang Zhengbang is the son of Mr. Li Gang.

3. The ultimate beneficial owner of WIIHL is Mr. Li Gang.

4. Given (i) the ultimate beneficial owner of WIIHL and WIFHL is Mr. Li Gang; and (ii) Mr. Tang is the son of Mr. Li Gang, accordingly, WIFHL, WIIHL and Mr. Tang are considered acting in concert.

PUBLIC FLOAT

As disclosed in the above section headed "Effect on shareholding structure of the Company", immediately upon the Completion and issue of the Consideration Shares, 708,027,367 Shares, representing approximately 25.29% of the entire issued share capital of the Company as enlarged by the Consideration Shares, will be held by the public (as defined under the Listing Rules). Accordingly, the Directors considers that the Company will continue to comply with the requirement of minimum public float under Rule 13.32B of the Listing Rules.

FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, the Company will own 60% issued share capital of the Target Company, which holds 40% of the shareholding interest in the Joint Venture as at the Latest Practicable Date. As a result, (i) the Joint Venture will continue to be a subsidiary of the Company and its financial results will continue to be consolidated into the financial statements of the Company; and (ii) the Target Company will become a subsidiary of the Company and financial results of the Target Group will be consolidated into the financial statements of the Company.

EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund-raising activities involving the issue of its securities in the past twelve (12) months immediately prior to the Latest Practicable Date.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Sale and Purchase Agreement and the Acquisition contemplated thereunder exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, (i) Vendor A is the controlling shareholder of the Company and is wholly-owned by Mr. Wu; and (ii) Vendor B is wholly-owned by Mrs. Wu, the spouse of Mr. Wu. Accordingly, the Vendors are connected persons of the Company. Therefore, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The resolution approving the Sale and Purchase Agreement and the Acquisition contemplated thereunder was approved at a Board meeting of the Company. As (i) Mr. Wu Wei, the executive Director and chairman of the Company as at the date of the Sale and Purchase Agreement, is the son of Mr. Wu and Mrs. Wu; and (ii) Mr. Cao Zhongshu, the executive Director of the Company as at the date of the Sale and Purchase Agreement, is the director and the legal representative of Zhejiang Hengji Commercial Management Co., Ltd., Mr. Wu Wei and Mr. Cao Zhongshu were required to abstain from voting at the Board meeting relating to the approval of the Sale and Purchase Agreement and the Acquisition contemplated thereunder. Save for Mr. Wu Wei and Mr. Cao Zhongshu, no other Directors was required to abstain from voting at the Board meeting relating to the approval of the Sale and Purchase Agreement and the Acquisition contemplated thereunder.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising three independent non-executive Directors, namely Ms. Xie Jiayang, Mr. Zhang Xiaoqiang and Mr. Pan Yongye, has been established by the Company under the Listing Rules to advise the Independent Shareholders on the Sale and Purchase Agreement and the Acquisition contemplated thereunder. Grand Moore Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM

The Company will convene the EGM for the Independent Shareholders and the Shareholders to consider and, if thought fit, pass ordinary resolutions to approve, among other things, (i) the Sale and Purchase Agreement and the Acquisition contemplated thereunder; and (ii) the issue of the Consideration Shares under the Specific Mandate.

As Vendor A has a material interest in the Acquisition, Vendor A is required to abstain from voting at the EGM on the resolution(s) approving the same. Save for the aforementioned and to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, (1) there are no associate of Vendor A who are also Shareholders; and (2) no other Shareholder has a material interest in the Acquisition and is required to abstain from voting on the resolution(s) approving (i) the Sale and Purchase Agreement and the Acquisition contemplated thereunder; and (ii) the issue of the Consideration Shares under the Specific Mandate at the EGM.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the resolution proposed at the EGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

FORM OF PROXY

A form of proxy for use at the EGM is enclosed with this circular. Whether or not Shareholders are able to attend the EGM in person, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM if they so wish and, in such event, the form of proxy shall be deemed to be revoked.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the list of shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 23 March 2026 to Thursday, 26 March 2026. No transfer of shares of the Company will be registered during these days. In order to qualify to attend and vote at the EGM, all instruments of transfer together with the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 20 March 2026. The record date for the attending and voting at the EGM is Thursday, 26 March 2026.

RECOMMENDATION

Having considered the above, the Directors (including the independent non-executive Directors whose views have been set out in the letter from the Independent Board Committee in this circular, but excluding Mr. Wu Wei and Mr. Cao Zhongshu who are required to abstain from voting at the Board meeting relating to the approval of the Sale and Purchase Agreement and the Acquisition contemplated thereunder) consider that the terms of the Sale and Purchase Agreement are on normal commercial terms, are fair and reasonable and that the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views have been set out in the letter from the Independent Board Committee in this circular, but excluding Mr. Wu Wei and Mr. Cao Zhongshu who are required to abstain from voting at the Board meeting relating to the approval of the Sale and Purchase Agreement and the Acquisition contemplated thereunder recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the Acquisition contemplated thereunder.

As the Completion is subject to the satisfaction or waiver (if applicable) of certain conditions precedent under the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt about their position, they should consult their professional advisers.

Yours faithfully
By order of the Board
Enviro Energy International Holdings Limited
Wu Wei
Chairman and Executive Director

The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in this Circular.

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)

10 March 2026

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 60% ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

We refer to the circular of the Company dated 10 March 2026 (the "**Circular**"), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you in relation to the Sale and Purchase Agreement and the Acquisition contemplated thereunder, details of which are set out in this circular. Grand Moore Capital Limited has been appointed as the Independent Financial Adviser to advise us in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving such advice, are set out in the Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendices thereto.

Having considered the terms of the Sale and Purchase Agreement and the Acquisition contemplated thereunder and taking into account the independent advice of Grand Moore Capital Limited, we are of the opinion that the Sale and Purchase Agreement and the Acquisition contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend you to vote in favour of the resolutions to be proposed at the EGM to approve the Sale and Purchase Agreement and the Acquisition contemplated thereunder.

Yours faithfully,
The Independent Board Committee

Ms. Xie Jiayang **Mr. Zhang Xiaoqiang** **Mr. Pan Yongye**

Independent non-executive Directors

The following is the full text of the letter from Grand Moore Capital Limited setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in the Circular.

中毅資本有限公司
Grand Moore Capital Limited

21st Floor, No. 88 Lockhart Road
Wan Chai, Hong Kong

10 March 2026

To the Independent Board Committee and
the Independent Shareholders of
Enviro Energy International Holdings Limited

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 60% ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder (inclusive of the Acquisition), the details of which are set forth in the "Letter from the Board" (the "**Board Letter**") contained in the circular issued by the Company to the Shareholders dated 10 March 2026 (the "**Circular**"), of which this letter forms apart. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

The Acquisition

On 28 July 2025, the Company, as purchaser, entered into the Sale and Purchase Agreement with the Vendors, pursuant to which the Company has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares (representing 60% issued share capital of the Target Company) at the Consideration of HK$68 million. The Consideration will be satisfied by way of issue and allotment of 1,360,000,000 Consideration Shares by the Company at the Issue Price of HK$0.05 per Consideration Share to the Vendors.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Ms. Xie Jiayang, Mr. Zhang Xiaoqiang and Mr. Pan Yongye, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Acquisition. We, Grand Moore Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company, the Vendors or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates and accordingly, are considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

In the last two years, save for this appointment as the Independent Financial Adviser in respect of the Acquisition and the independent financial adviser to independent board committee and independent shareholders of the Company regarding (i) the connected transaction in relation to issue of new Shares under specific mandate for debt capitalisation and application for whitewash waiver, the details of which are set out in the circular of the Company dated 4 April 2024 the ("**Debt Capitalisation Circular**"); and (ii) the mandatory conditional cash offer on the Company's issued shares, details of which are set out in the composite offer and response document jointly issued by the offeror and the Company dated 3 March 2025 (collectively, the "**Previous Appointments**"), we have not acted as any financial adviser role to the Company.

With regards to our independence from the Company, it is noted that (i) apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser and the Previous Appointments, no other arrangements exist whereby we had received or will receive any fees or benefits from the Company, its subsidiaries, the Vendors or their respective controlling Shareholders (if applicable) that could reasonably be regarded as relevant to our independence; and (ii) the aggregate professional fees paid or to be paid to us do not make up a significant portion of our revenue during the relevant period which would affect our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Acquisition pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the Company's annual report for the year ended 31 December 2024 (the "**2024 Annual Report**"); (iii) the Company's interim report for the six months period ended 30 June 2025 (the "**2025 Interim Report**"); (iv) the unaudited pro forma financial information of the Enlarged Group set out in Appendix IV to the Circular; (v) the Valuation Report in relation to the Target Company set out in Appendix V to the Circular; (vi) other information provided by the Directors and/or the senior management of the Company (the "**Management**"); (vii) the opinions expressed by and the representations of the Directors and the Management; and (viii)

our review of the relevant public information. We have assumed that all information and representations that have been provided by the Directors and the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers, the Directors and/or the Management (where applicable), which have been provided to us. The Directors have confirmed that, to the best of their knowledge, they believe that no material fact or information has been omitted from the information supplied to us and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading.

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Chapters 13 and 14A of the Listing Rules. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company and the Vendors, nor conducted any independent in-depth investigation into the business affairs, assets and liabilities or future prospects of the Company, the Purchaser, their respective subsidiaries or associates (if applicable) or any of the other parties involved in the Acquisition, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisition. The Company has been separately advised by its own professional advisers with respect to the Acquisition and the preparation of the Circular (other than this letter).

We have assumed that the Acquisition will be consummated in accordance with the terms and conditions set forth in the Circular without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Acquisition, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Acquisition. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in relation to the Acquisition, we have taken into account the following principal factors and reasons:

1. Background information and financial overview of the Group

As per the 2025 Interim Report, The Group is principally engaged one single operating segment which is the sale materials business. Set out below is the key consolidated financial information of the Group for the year ended 31 December 2023 and 2024 as extracted from the 2024 Annual Report and the six months ended 30 June 2024 and 2025 as extracted from the 2025 Interim Report.

	Six months ended 30 June		**Year ended 31 December**	
	2024	**2025**	**2023**	**2024**
	HK$'000 (Unaudited)	*HK$'000* (Unaudited)	*HK$'000* (Audited)	*HK$'000* (Audited)
Revenue	227,274	209,612	530,328	461,848
Gross Profit	15,432	10,826	40,069	34,351
Profit/(Loss) for the year/period	(87,940)	3,904	(24,286)	(16,215)

Revenue of the Group amounted to approximately HK$461,848,000 for the year ended 31 December 2024 which represents a decline of approximately HK$68,480,000, or approximately 12.9%, from approximately HK$530,328,000 for the year ended 31 December 2023. The 2024 Annual Report explains that the decrease in revenue was primarily due to intense competition.

Gross profit of the Group amounted to approximately HK$34,351,000 for the year ended 31 December 2024 which represents a decrease of approximately HK$5,718,000, or approximately 14.3%, from approximately HK$40,069,000 for the year ended 31 December 2023. The gross profit margin was approximately 7.6% and 7.4% for the years ended 31 December 2023 and 2024, respectively. The decrease in gross profit was mainly due mainly due to the decrease in revenue alongside the slight decrease in profit margin.

Net loss of the Group amounted to approximately HK$16,215,000 for the year ended 31 December 2024 which represents a decrease from a net loss of approximately HK$24,286,000 for the year ended 31 December 2023. Such decrease in net loss was mainly attributable to loss on debt capitalization arrangement of approximately HK$80,631,000 which was partly offset by profit from discontinued operations of approximately HK$52,199,000 (2023: loss of approximately HK$242,170,000) for the year ended 31 December 2024.

Revenue of the Group amounted to approximately HK$209,612,000 for the six months ended 30 June 2025 which represents a decline of approximately HK$17,662,000, or approximately 7.8%, from approximately HK$227,274,000 for the six months ended 30 June 2024. The 2025 Interim Report explains that the decrease in revenue was primarily due to intense competition.

Gross profit of the Group amounted to approximately HK$10,826,000 for the six months ended 30 June 2025 which represents a decrease of approximately HK$4,606,000, or approximately 29.8%, from approximately HK$15,432,000 for the six months ended 30 June 2024. The gross profit margin was approximately 6.8% and 5.2% for the six months ended 30 June 2024 and 2025, respectively. The decrease in gross profit was mainly due mainly due to the lower gross profit margin for sales of building materials for the purpose of expanding the Group's client portfolio.

Net profit of the Group amounted to approximately HK$3,904,000 for the six months ended 30 June 2025 which represents a turnaround to profitability from a net loss of approximately HK$87,940,000 for the six months ended 30 June 2024. Such turnaround was mainly attributable to the (i) decrease in administrative and operating expense, from approximately HK$5,960,000 for the six months ended 30 June 2024 to approximately HK$4,269,000 for the six months ended 30 June 2025; and (ii) decrease in loss on debt capitalisation arrangement, from HK$80,730,000 for the six months ended 30 June 2024 to nil for the six months ended 30 June 2025.

Set out below are certain key consolidated financial information of the Group as extracted from the consolidated statement of financial position set out in the 2025 Interim Report.

	As at 31 December 2024	**As at 30 June 2025**
	HK$'000	*HK$'000*
	(Audited)	(Unaudited)
Total assets	105,652	149,547
— Bank and cash balances	*37,702*	*32,749*
— Inventories	*9,818*	*18,333*
— Trade and bills receivables	*53,447*	*95,535*
Total liabilities	69,606	107,618
— Trade and other payables	*43,915*	*77,041*
— Shareholders' loans	*1,600*	*3,600*
— Amount due to a director	*4,612*	*6,412*
Equity attributable to owners of the Company	12,742	14,856

The total assets of the Group amounted to approximately HK$149,547,000 as at 30 June 2025, representing an increase of approximately HK$43,895,000 or approximately 41.5%, as compared to HK$105,652,000 as at 31 December 2024. The increase was primarily due to the increase in (i) inventories, from approximately HK$9,818,000 as at 31 December 2024 to approximately HK$18,333,000 as at 30 June 2025; and (ii) trade and bills receivables, from approximately HK$53,447,000 as at 31 December 2024 to approximately HK$95,535,000 as at 30 June 2025.

The total liabilities of the Group amounted to approximately HK$107,618,000 as at 30 June 2025, representing an increase of approximately HK$38,012,000 or approximately 54.6%, as compared to HK$69,606,000 as at 31 December 2024. The increase was primarily due to the increase in (i) trade and other payables, from approximately HK$43,915,000 as at 31 December 2024 to approximately HK$77,041,000 as at 30 June 2025; (ii) shareholders' loan, from approximately HK$1,600,000 as at 31 December 2024 to approximately HK$3,600,000 as at 30 June 2025; and (iii) amount due to a director, from approximately HK$4,612,000 as at 31 December 2024 to approximately HK$6,412,000 as at 30 June 2025.

The Group's equity attributable to owners of the Company increased from approximately HK$12,742,000 as at 31 December 2024 to approximately HK$14,856,000 as at 30 June 2025, representing an increase of approximately HK$2,114,000 or approximately 16.6%.

The bank and cash balances of the Group amounted to approximately HK$32,749,000 as at 30 June 2025, representing a decrease of approximately HK$4,953,000 or 13.1% as compared to approximately HK$37,702,000 as at 31 December 2024.

The inventories of the Group amounted to approximately HK$18,333,000 as at 30 June 2025, representing an increase of approximately HK$8,515,000 or 86.7% as compared to approximately HK$9,818,000 as at 31 December 2024. Such increase was mainly attributable to increase in consumer orders received near 30 June 2025.

The trade and bills receivables of the Group amounted to approximately HK$95,535,000 as at 30 June 2025, representing an increase of approximately HK$42,088,000 or 78.7% as compared to approximately HK$53,447,000 as at 31 December 2024. Such increase was mainly attributable to increase in business activities near 30 June 2025.

The trade and other payables of the Group amounted to approximately HK$77,041,000 as at 30 June 2025, representing an increase of approximately HK$33,126,000 or 75.4% as compared to approximately HK$43,915,000 as at 31 December 2024. Such increase was mainly attributable to increase in procurement of building materials so at to meet the customer orders received near 30 June 2025.

The Shareholders' loans of the Group amounted to approximately HK$3,600,000 as at 30 June 2025, representing an increase of approximately HK$2,000,000 or 125.0% as compared to approximately HK$1,600,000 as at 31 December 2024. Such increase was mainly attributable to a loan drawn in April 2025 from a Shareholder in aggregate of HK$2,000,000, which was unsecured, interest-free and repayable on demand.

The amount due to a director of the Group amounted to approximately HK$6,412,000 as at 30 June 2025, representing an increase of approximately HK$1,800,000 or 39.0% as compared to approximately HK$4,612,000 as at 31 December 2024. Such increase was mainly attributable to additional working capital financing obtained from the director to support the Group's normal ordinary business.

2. Information on the parties

2.1 Information on the Group

The Group is principally engaged in the sales of building materials business.

2.2 Information on the Vendors

Vendor A and Vendor B are companies incorporated in the British Virgin Islands with limited liability and are principally engaged in investment holding. As at the Latest Practicable Date, (i) Vendor A is the controlling Shareholder of the Company and is wholly-owned by Mr. Wu; and (ii) Vendor B is wholly-owned by Mrs. Wu, the spouse of Mr. Wu.

2.3 Information on the Target Group

2.3.1 Information on the Target Company

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability. Ivory Asia Limited, Quartz Asia Limited, Zhejiang Hengji Commercial Management Co., Ltd. and Aquamarine Asia Limited are all dormant companies and do not have any operations. The Target Company is indirectly interested in 40% equity interest of the Joint Venture, which represented the principal investment of the Target Company, while Hangzhou Zhongji is the major operating subsidiary of the Target Group. The audited balance of total assets and net assets of Target Group as at 30 September 2025 were approximately HK$202.3 million and HK$78.9 million respectively.

2.3.2 Information on Hangzhou Zhongji

Hangzhou Zhongji is a limited company established in the PRC on 15 July 2020 and is principally engaged in the provision of renovation services in the PRC. As at the Latest Practicable Date, Hangzhou Zhongji is owned as to approximately 95.45% by Zhejiang Hengji Commercial Management Co., Ltd. and approximately 4.55% by Aquamarine Asia Limited.

In view of increasing the attractiveness of the residential properties, property developers in the PRC generally offer fully renovated residential properties to customers. As such, property developers in the PRC would generally engage a renovation service provider for the renovation of the entire residential complex to allow consistency in quality, reduce building waste and improve cost efficiency, which was promoted by local governments in the PRC.

Leveraging on the business network of Vendor A in the construction and renovation business in Hangzhou, Hangzhou Zhongji was able to secure three renovation projects during the three years ended 31 December 2024 and nine months ended 30 September 2025, which Hangzhou Zhongji was responsible for the renovation of the entire residential complex for each of the projects.

In particular, (i) Hangzhou Zhongji acted as the principal subcontractor overseeing and managing renovation projects for two residential complexes, which were completed during the year ended 31 December 2023 and 2024; and (ii) Hangzhou Zhongji acted as the subcontractor to provide renovation services for one residential complex, which commenced during the nine months ended 30 September 2025 and is expected to be completed by 2027.

Set out below is a summary of the financial information of Hangzhou Zhongji for the years ended 31 December 2024 and 2023, and the nine months ended 30 September 2025:

	For the nine months ended 30 September	**For the year ended 31 December**	
	2025	**2024**	**2023**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	163,865	23,399	26,646
Profit before income tax	55,331	13,381	21,978
Profit after income tax	42,270	11,808	19,098

The financial performance of Hangzhou Zhongji for the year ended 31 December 2024 decreased as compared to that of 2023, which primarily attributed to the completion of a renovation projects of Hangzhou Zhongji during the year ended 31 December 2023.

The revenue and profit after income tax of Hangzhou Zhongji for the nine months ended 30 September 2025 were approximately HK$163.9 million and HK$42.3 million respectively, which were higher than its revenue and profit after income tax of approximately HK$23.4 million and HK$11.8 million for the year ended 31 December 2024 respectively. This was primarily attributable to (i) the completion of one of the renovation projects during the first half of 2024 and no further renovation projects were commenced by Hangzhou Zhongji until the first half of 2025; and (ii) the commencement of a major renovation project in 2025.

The total assets and net assets of Hangzhou Zhongji as at 30 September 2025 were approximately HK$201.9 million and HK$94.9 million respectively.

2.3.3 Information on the Joint Venture

Reference is made to the announcement of the Company dated 31 October 2022.

On 22 October 2022, the Group and Hangzhou Zhongji jointly set up the Joint Venture, where the Group and Hangzhou Zhongji are interested in 60% and 40% of the registered capital of the Joint Venture respectively. As at the Latest Practicable Date, the Joint Venture is a non-wholly-owned subsidiary of the Company and its financial results are consolidated into the financial statements of the Company.

The Joint Venture is strategically focused on the supply of renovation material for renovation projects. Leveraging on (i) the sourcing network, warehouse and inventory management of the Group; and (ii) the network of Hangzhou Zhongji in the construction and renovation industry, the Joint Venture offers its building materials inventory directly to customers, including property developers and contractors.

Set out below is a summary of the financial information of the Joint Venture for the years ended 31 December 2024 and 2023, and the nine months ended 30 September 2025:

	For the nine months ended 30 September 2025	**For the year ended 31 December**	
		2024	**2023**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	289,823	461,848	528,876
Profit before income tax	13,031	27,294	38,214
Profit after income tax	9,765	20,471	28,660

Due to the intense competition in the PRC building materials industry and the rise in price of building materials during 2024, the Joint Venture faced challenges in maintaining its financial performance. Despite such circumstances and the uncertainties of the economy in the PRC in 2024, leveraging on the experience and network of the Group in sourcing of building materials and the business network of Hangzhou Zhongji in the renovation industry, the profit after income tax and profit margin of the Joint Venture only slightly declined for the year ended 31 December 2024.

The total assets and net assets of the Joint Venture as at 30 September 2025 were approximately HK$127.7 million and HK$69.7 million respectively.

2.3.4 Financial information and analysis on the Target Group

Set out below is a summary of the financial information of the Target Group for the years ended 31 December 2023 and 2024, and the nine months ended 30 September 2024 and 2025, as extracted from Appendix II of the Circular:

	Nine months ended 30 September		**Year ended 31 December**	
	2024	**2025**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Audited)	(Audited)	(Audited)
Revenue	13,640	163,865	26,646	23,399
Gross Profit	4,843	53,672	11,458	6,220
Profit for the year/period	8,397	41,757	21,271	11,147

For the two years ended 31 December 2023 and 2024 and nine months ended 30 September 2024 and 2025, the revenue of the Target Group was approximately HK$26.6 million, HK$23.4 million, HK$13.6 million and HK$163.9 million, respectively. Revenue increased for the nine months ended 30 September 2025 as the Target Group acted as the renovation agent for two renovation projects during the years ended 31 December 2023 and 2024, while the Target Group acted as renovation contactor and commenced a renovation project commenced in the nine months period ended 30 September 2025.

For the two years ended 31 December 2023 and 2024 and nine months ended 30 September 2024 and 2025, the gross profit of the Target Group was approximately HK$11.5 million, HK$6.2 million, HK$4.8 million and HK$53.7 million, respectively. Gross profit decreased for the year ended 31 December 2024 against the year ended 31 December 2023 primarily attributed to the completion of a renovation projects of Hangzhou Zhongji during the year ended 31 December 2023. Gross profit increased for the nine months ended 30 September 2025 from the corresponding period in 2024, which is in line with the increase in revenue.

For the two years ended 31 December 2023 and 2024 and nine months ended 30 September 2024 and 2025, the net profit of the Target Group was approximately HK$21.2 million, HK$11.1 million, HK$8.4 million and HK$41.8 million, respectively. Net profit decreased for the year ended 31 December 2024 against the year ended 31 December 2023 mainly due to decrease in gross profit and share of result of an associate. Net profit increased for the nine months ended 30 September 2025 from the corresponding period in 2024, which is in line with the increase in revenue.

	As at 31 December 2024	As at 30 September 2025
	HK$'000	*HK$'000*
	(Audited)	(Unaudited)
Total assets	206,417	202,317
— Contract assets and costs	*157,382*	*124,467*
— Cash and cash equivalents	*24,595*	*48,314*
— Investment in an associate	*23,304*	*27,893*
Total liabilities	170,693	123,421
— Trade payables	*23,356*	*57,171*
— Contract liabilities	*56,735*	*—*
— Amount due to a related company	*68,706*	*22,454*
Equity attributable to owners of the Target Company	35,724	78,896

As at 31 December 2022, 31 December 2023 and 31 December 2024, the net assets of the Target Group was approximately HK$16.0 million, HK$25.6 million and HK$35.7 million, respectively. The Target Group had bank balance and cash of approximately HK$7.9 million, HK$43.7 million and HK$24.6 million as at 31 December 2022, 31 December 2023 and 31 December 2024 respectively.

As at 30 September 2025, the net assets of the Target Group amounted to HK$78.9 million, representing an increase of HK$43.2 million as compared with HK$35.7 million as at 31 December 2024, mainly due to (i) the increase in the cash and bank balance of approximately HK$23.7 million; and (ii) the increase in the investment in an associate of approximately HK$4.6 million.

3. Reasons for and benefits of the Acquisition

Strategic position of the Joint Venture

Reference is made to the announcement of the Company dated 31 October 2022 in relation to the establishment of the Joint Venture with Hangzhou Zhongji.

Since its establishment, the Joint Venture continued to record satisfactory financial performance with over HK$20 million net profit annually and has built a strong reputation in renovation industry of Zhejiang province as a reliable supplier of renovation materials, which has met the expectation of the Group. Despite the intense competition in the building material industry and the uncertainties of the economy in the PRC in 2024, leveraging on the sourcing capability of the Group and the business network of Hangzhou Zhongji, the Joint Venture recorded revenue and net profit of approximately HK$462 million and HK$20.5 million for the year ended 31 December 2024, which provided stable profit and cash inflow to the Group and enhanced the Group's financial position.

Hangzhou, as the capital of Zhejiang province, a tier 1 city and a tech hub in the PRC, has been attracting considerable investment in commercial real estate due to its economic vibrancy and dynamic business environment, and is home to numerous multinational enterprises. In the first half of 2025, Hangzhou recorded a GDP growth of 5.5% as compared to the same period of 2024, reflecting its strong economic momentum and a rise of demand for office and retail spaces. In view of the continuous economic expansion and prominence in the tech sector of Hangzhou, it is expected that Hangzhou will become a key contributor to the growth of China's commercial real estate market at a CAGR of 6.31% through 2030.

Given these positive economic indicators and market trends, the Company is of the view that the demand for building materials in Hangzhou will continue to increase. As such, the Group believes that the Joint Venture is well positioned to capture the long-term growth opportunities.

The Company intends to continue the existing building material supply business of the Group upon the Completion and has no intention to introduce major changes in its existing building material supply business.

Accordingly, the Company is considering acquiring the issued share capital in the Target Company to further strengthen its interest in the Joint Venture to enjoy more economic benefits brought from its business operation.

Vertical expansion for the Group's existing building materials supply business

Despite the scale of business of Hangzhou Zhongji is relatively small as compared to the Group, Hangzhou Zhongji has the qualification for and expertise in the provision of renovation services in the PRC. As such, by acquiring a controlling stake in Hangzhou Zhongji, the Group will have the qualification to vertically expand its existing building material supply business into the renovation industry. In addition, the Acquisition will allow the Group to utilise the customer base and sales network of Hangzhou Zhongji, which represents an excellent opportunity to improve the operational capabilities and market competitiveness of the Group's building material supply business and better navigate the intense market competition in the PRC building material industry currently faced by the Group.

Management expertise of the Company, the Joint Venture and Hangzhou Zhongji

Upon the establishment of the Joint Venture in 2022, the Group has recruited and established experienced operation teams with experienced manpower for the development of the supply of building materials business.

In developing the supply of building materials business of the Joint Venture, the Company is generally responsible for procurement and delivery of building materials and soliciting customers, while Hangzhou Zhongji provides information in relation to construction and renovation projects for the operation team of the Joint Venture in approaching its customers.

The satisfactory financial performance of the Joint Venture since its established has demonstrated the effectiveness of the management expertise and experience of the Company in its procurement capability and the business network of Hangzhou Zhongji.

In respect of the renovation services operated by Hangzhou Zhongji, given (i) Vendor A became the controlling Shareholder of the Company in January 2025; and (ii) Mr. Wu Wei, the son of Mr. Wu and Mrs. Wu, who has extensive network in the construction and renovation industry in the PRC, joined the Board as an executive Director in April 2025, the Company considers the Company has sufficient expertise and experience in the operation of Hangzhou Zhongji upon Completion.

Operation of Hangzhou Zhongji upon Completion

As Vendor A is the controlling Shareholder of the Company, the ultimate controlling shareholder of Hangzhou Zhongji would remain the same upon Completion. As such, the Company considers the Joint Venture may continue to leverage Hangzhou Zhongji's business network.

In addition, the Company does not expect any material changes in the personnel of Hangzhou Zhongji upon Completion. As at the Latest Practicable Date, Hangzhou Zhongji has 18 staff which are responsible for its business operation and daily administration.

Vertical integration and expansion

Given the renovation business provided by Hangzhou Zhongji would require the utilization of building materials, upon Completion, the Company intends to integrate the operation of Hangzhou Zhongji and the Joint Venture, where the Joint Venture shall source building materials for Hangzhou Zhongji for its renovation operation, which may improve the profitability of Hangzhou Zhongji.

As at the Latest Practicable Date, Hangzhou Zhongji is the subcontractor for the renovation of one residential complex in Hangzhou, which is expected to be completed by 2027. Despite the Company is optimistic that Hangzhou Zhongji may secure additional renovation projects with the leverage of the business network of Vendor A, given the renovation of an entire residential complex would require substantial manpower and working capital, Hangzhou Zhongji had adopted a prudent approach in the number of ongoing renovation projects. The Company will assess the manpower and working capital needs for Hangzhou Zhongji in the event of securing additional renovation projects after the Completion.

In light of the above, the Company considers that the Acquisition strategically aligns with the Group's business plan to expand its business in the building and renovation industry to broaden its revenue stream, which may represent a further enhancement for its turnover and profitability.

Issuance of the Consideration Shares in preserving the cash position of the Group

The Company considers the settlement of the Consideration by way of issuing the Consideration Shares may allow the Group to maintain a healthy cash flow balance for working capital and business development.

The Company has considered alternative fundraising methods for the settlement of the Consideration such as debt financing, open offer and rights issue to finance the Acquisition.

Debt financing

The Company considered debt financing may not be feasible for the Group as (i) the Group does not have tangible assets that could be offered to financial institutions as security for debt financing; and (ii) it may incur further financial costs and increase interest burden of the Group, which may affect the financial performance of the Group.

Equity fundraising

The Company considered equity fundraising such as open offer or rights issue, which would allow existing Shareholders to participate to maintain their shareholding interests in the Company. However, in view of (i) the thin liquidity of the Shares, where the average trading volume of the Shares for the 12 months prior to the date of the Sale and Purchase Agreement only represented approximately 0.36% of the total issued Shares of the Company; and (ii) the uncertain sentiment of the stock market and uncertain economic environment, it is uncertain as to whether the Company would be able to raise sufficient funding to finance the settlement of the Consideration.

As such, as at the Latest Practicable Date, the Company did not have any plan or intention to conduct equity fundraising activities within the next 12 months.

Potential dilution effect of the issue of the Consideration Shares

As illustrated in the table under the section headed ''Effects on shareholding structure of the Company'' below, upon Completion and assuming that there is no other change to the issued share capital of the Company from the Latest Practicable Date and up to the date of the Completion, the shareholding interest of the existing public Shareholders would be diluted by approximately 48.60%.

Issue of the Consideration Shares with reference to the market price of the Shares

As the Issue Price of the Consideration Shares merely represented (i) a discount of approximately 3.85% to the closing price of HK$0.052 per Share as at the date of the Sale and Purchase Agreement; and (ii) equal to the closing price of HK$0.05 per Share as at the Latest Practicable Date, the Company considers that the issue of the Consideration Shares would effectively represents an equity fundraising activity offered with reference to the market price of the Shares.

In view of the above, the Board is of the view that the aforementioned level of dilution to the shareholding interests of the existing public Shareholders is acceptable.

Accordingly, the Board is of the view that the settlement of the Consideration by way of issuance of Consideration Shares is fair and reasonable and interest of the Company and its Shareholders as a whole.

Conclusion

As such, the Directors (excluding Mr. Wu Wei and Mr. Cao Zhongshu who are required to abstain from voting at the Board meeting relating to the approval of the Sale and Purchase Agreement and the Acquisition contemplated thereunder) consider that the terms of the Sale and Purchase Agreement, including the Consideration, are fair and reasonable and on normal commercial terms and the Acquisition is in the interest of the Company and the Shareholders as a whole.

4. The Acquisition

On 28 July 2025, the Company, as purchaser, entered into the Sale and Purchase Agreement with the Vendors, pursuant to which the Company has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares (representing 60% issued share capital of the Target Company) at the Consideration of HK$68 million.

4.1 The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are set out as below:

Date:	28 July 2025
Parties:	(i) The Company, as purchaser; (ii) Amethyst Asia Limited, as Vendor A; and (iii) Ruby Asia Limited, as Vendor B
Assets to be acquired:	The Sale Shares, representing 60% of the issued shares of the Target Company. As at the date of the Sale and Purchase Agreement, the Sale Shares are owned as to 90% by Vendor A and 10% as to Vendor B.
Consideration:	The Consideration for the Sale Shares is HK$68 million, which was determined after arm's length negotiations between the Company and the Vendors on normal commercial terms, with reference to the preliminary valuation of the entire issued share capital of Target Company as at 30 June 2025 of approximately HK$115 million conducted by an independent valuer engaged by the Company.

The Directors (excluding Mr. Wu Wei and Mr. Cao Zhongshu who are required to abstain from voting at the Board meeting relating to the approval of the Sale and Purchase Agreement and the Acquisition contemplated thereunder) believe that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Payment terms: The Consideration will be satisfied by way of issue and allotment of 1,360,000,000 Consideration Shares by the Company at the Issue Price of HK$0.05 per Consideration Share to Vendor A, which is wholly-owned by Mr. Wu, the spouse of Mrs. Wu who is the sole shareholder of Vendor B.

Pursuant to the Sale and Purchase Agreement, the Vendors (being both Vendor A and Vendor B) agreed that (i) the entire Consideration Shares shall be issued to Vendor A; and (ii) the Company's payment obligations under the Sale and Purchase Agreement will be fulfilled upon the issuance of the entire 1,360,000,000 Consideration Shares to Vendor A.

Conditions precedents: Completion is subject to and conditional upon the satisfaction or waiver (if applicable) of the following conditions:

(i) the obtaining of the approval from the Independent Shareholders at the EGM in respect of the Acquisition, the issue of Consideration Shares under the Specific Mandate;

(ii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares; and

(iii) the obtaining of all other necessary authorisations, consents, and approvals in relation to the Acquisition as contemplated under the Sale and Purchase Agreement and the Specific Mandate.

All the above conditions precedent are not waivable. As at the Latest Practicable Date, none of the conditions precedent above has been fulfilled.

If the conditions precedent of the Sale and Purchase Agreement are not fulfilled on or before the Long Stop Date, the Company may unilaterally terminate the Sale and Purchase Agreement in writing within ten Business Days after the Long Stop Date.

Completion: The Completion shall take place on the Completion Date after the fulfillment of the conditions precedent under the Sale and Purchase Agreement.

4.2 Basis of the Consideration and our work performed in relation to the appraised value of the Target Group

As discussed in section 4.1 above, the Consideration for the Sale Shares is HK$68 million, which was determined after arm's length negotiations between the Company and the Vendors on normal commercial terms, with reference to the preliminary valuation of the entire issued share capital of Target Company as at 30 June 2025 of approximately HK$115 million conducted by an independent valuer engaged by the Company.

We consider comparing the price multiples of the Target Group to comparable companies are not applicable and will likely create abnormal results due to that the Target Group comprises of Hangzhou Zhongji (which is engaged in provision of construction and renovation services) and 40% of the Joint Venture (which is engaged in supply of renovation material for renovation projects), which are two distinct businesses with their own applicable comparable companies while the Consideration of HK$68 million is represented as a single component in the Sale and Purchase Agreement without any further breakdown for Hangzhou Zhongji and the Joint Venture. Accordingly, we are of the view that inclusion of an analysis of trading multiple of comparables of the Target Company to be inappropriate for the purpose of this letter.

4.2.1 The Valuation Report

The Valuer has been appointed by the Company as an independent valuer to assess the appraised value of the Target Company as at the valuation date of 30 June 2025 (the "**Valuation Date**"), the details of which are set out in the Valuation Report set out in Appendix V to the Circular. According to the Valuation Report, the fair value of the Target Company as at the Valuation Date is HK$115,380,000.

In assessing the fairness and reasonableness of the Valuation Report, we have considered the following factors:

4.2.2 Independence, qualification and scope of work of the Valuer

We have reviewed and enquired into the qualification of the Valuer (website: https://www.psasurveyor.com/) in relation to the preparation of the Valuation Report, and note that it is firm which provide professional services in valuation of real estate, machinery, business and other intangible assets. In particular, one of the

signatories of the Valuation Report Mr. Harry Chan is a fellow of the Hong Kong Institute of Surveyor and a professional member of the Royal Institution of Chartered Surveyors and a registered business valuer of the Hong Kong Business Valuation Forum. The other signatory Mr. Edvard Duan is a holder of Chartered Financial Analyst and a member of the Royal Institution of Chartered Surveyors.

We have inquired the Valuer whether the Valuer has any concern on the accuracy and completeness of information the Valuer relied upon throughout the valuation process, and whether the Valuer had any concern on the reasonableness of any representation made by the Management or any other party to the Valuer. After discussion with and confirmation made by the Valuer, we understand that (i) the Valuer had no negative concerns on the accuracy and completeness of information the Valuer relied upon throughout the valuation process; and (ii) the Valuer had no negative concern on the reasonableness of any representation made by the Management or any other party to the Acquisition.

We have also reviewed the Valuer's terms of engagement with the Company in relation to the Valuation Report and in particular, the scope of work, and noted that it is appropriate to the opinion required to be given and there is no limitation on the scope of work which might adversely impact on the degree of assurance given by the Valuer in the Valuation Report.

In addition, we enquired on the Valuer whether they have any current or prior relationships with the Company, the Vendors, and core connected persons of either the Company or the Vendors and noted that save for the current engagement and the valuation engagements in the Group's annual audit, no other relationship exists.

4.2.3 Valuation approach

From our review of the Valuation Report and as per our discussion with the Valuer, the Valuer has considered three generally accepted approaches to obtain the fair value of the Target Company in performing the valuation, namely the asset-based approach (also known as cost approach), market approach and income approach. As per the Valuation Report, the Valuer has adopted the income approach to evaluate the Joint Venture's fair value while using the asset-based approach to evaluate the fair value of the Target Company and the rest of its group companies. The reasons given by the Valuer for the above valuation approaches are that (i) the Joint Venture has positive earning, and also a relatively clear and reasonable financial forecast while the income approach can reflect the real value of the Joint Venture in a more sufficient and objective way; and (ii) there is no sufficient evidence to prove that Hangzhou Zhongji has recurring client with assurance on continuation of future income, and five of the other companies under the Target Group are for investment holding use, the Valuer chose the asset-based approach in the valuation of the Target Company and the rest of its group companies.

In particular, we enquired the Valuer and understand that the Valuer was provided by the Management with a cash flow forecast of the Joint Venture for the years ending 31 December 2026 to 31 December 2030. We requested and obtained a

copy of such cash flow forecast for review, and noted and confirmed with the Valuer that the starting point of the cash flow forecast was prepared by the Management based on the actual profit or loss of the Joint Venture in its management account for the six months ended 30 June 2025; the estimated profit or loss of the Joint Venture for the six months ended 31 December 2025 assuming that the revenue of the Joint Venture in this period amounts to around 80% of that in the six months ended 30 June 2025. The Management then humbly inputted a mild revenue growth rate of 3% in the years 2026 and 2027, 2% in the years 2028 and 2029, and 1% in the year 2030. The perpetual growth rate is assumed to be 2%. We enquired the Valuer and noted that they physically visited the Joint Venture and discussed with the staff in the Joint Venture, and understood from the staff that the aforementioned growth rates are reasonably estimated based on historical and current business operation and the industry overview and development in which the Joint Venture operates in. We obtained information from the National Bureau of Statistics and noted that the year-on-year growth on output from the PRC construction industry amounted to approximately 2.2% and 5.3% in the years 2024 and 2023 respectively, and we considered the aforementioned growth rates assumed by the Management are reasonable. The Valuer then arrived at the valuation of the Joint Venture as at 30 June 2025 by discounting the free cash flow for the six months ending 31 December 2025 and years ending 31 December 2026 onwards by the Group's weighted average cost of capital of 9.13% and the perpetual growth rate of 2%. We have reviewed the breakdown, underlying basis and supporting document of the aforementioned weighted average cost of capital of 9.13% and the perpetual growth rate of 2%.

To arrive at the valuation of the Target Company, the Valuer utilized asset based approach to combine the value of the Joint Venture and the Target Company and the rest of its group companies. We reviewed the working schedule of valuation of the Target Company and noted that the value of assets and liabilities in the entities under the Target Group have not been appreciated nor depreciated except for investment in subsidiaries or associates (i.e. the Target Company's 40% equity investment in the Joint Venture).

Having conducted the aforementioned works, (i) we are of the view that the bases and assumptions adopted by the Valuer are fair and reasonable; and (ii) we concur with the Valuer that the adoption of the income approach for the Joint Venture and the asset-based approach for the Target Company and the rest of its group companies is appropriate. Having considered (i) the Valuer is a valuation firm with over 30 years of valuation and consulting experience in Asia; (ii) the bases and assumptions adopted by the Valuer are fair and reasonable; and (iii) the aforementioned valuation approaches adopted by the Valuer are fair and reasonable, we consider the Valuation Report constitutes fair and reasonable representations in assessing the fair value of the Joint Venture and the Target Company and the rest of its group companies.

4.2.4 Conclusion on the Valuation Report

With regards to the Valuation Report, we have complied with the requirements under note 1(d) to Rule 13.80 of the Listing Rules and paragraph 5.3 of the Corporate Finance Adviser Code of Conduct by performing, including but not limited to, the following works: (i) discussed with the Valuer regarding the methodology applied and principal bases and assumptions adopted in the Valuation Report; (ii) assessed the experience and expertise of the persons responsible for the Valuation, namely Mr. Harry Chan and Mr. Edvard Duan and their past valuation experience; (iii) enquired on any current or prior relationships with the Company and the Vendors and noted that save for the current engagement, the valuation engagements in the Group's annual audit and a property valuation in connection with the sale of a company in June 2024, no other relationship exists; and (iv) reviewed the terms of engagement of the Valuation Report.

Based on the aforementioned works performed by us, we are of the view that (i) the methodology applied and principal bases and assumptions adopted in the Valuation Report are fair and reasonable; (ii) the scope of services as illustrated in the engagement letter is appropriate; (iii) the Valuer, Mr. Harry Chan and Mr. Edvard Duan, being the responsible persons of the Valuation Report, have adequate qualifications, experience and expertise, and hence are competent to issue the Valuation Report. Nothing has come to our attention that causes us to doubt the fairness and reasonableness of the Valuation Report.

4.3 Letter of comforts regarding the discounted cash flow forecast of the Joint Venture

We noted and reviewed the letter from the reporting accountant of the Company regarding the calculations of the discounted cash flow forecast of Joint Venture underlying the valuation of the Target Company and understand that, in the reporting accountant's opinion, so far as calculations are concerned, the discounted cash flow forecast of Joint Venture has been properly compiled in accordance with the assumptions adopted by the Directors as set out in the valuation of the Target Company.

We also noted and reviewed the letter from the financial adviser of the Company regarding the calculations of the discounted cash flow forecast of Joint Venture underlying the valuation of the Target Company and understand that the discounted cash flow forecast of Joint Venture underlying the valuation of the Target Company, for which the directors of the Company is solely responsible, have been made after due and careful enquiry.

4.4 Our analysis on the Consideration Shares

The Consideration Shares will be issued and allotted at the Issue Price of HK$0.05 each, credited as fully paid. The Consideration Shares will be allotted and issued under the Specific Mandate to be approved by the Independent Shareholders at the EGM.

The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects among themselves and with the Shares in issue.

The 1,360,000,000 Consideration Shares, when allotted and issued, will represent (i) approximately 94.5% of the existing issued Shares as at the Latest Practicable Date; and (ii) approximately 48.6% of the issued Shares as enlarged by the Consideration Shares upon the Completion.

The Issue Price of the Consideration Shares represents:

(i) a premium of approximately 16.28% over the closing price of HK$0.043 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 3.85% to the closing price of HK$0.052 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;

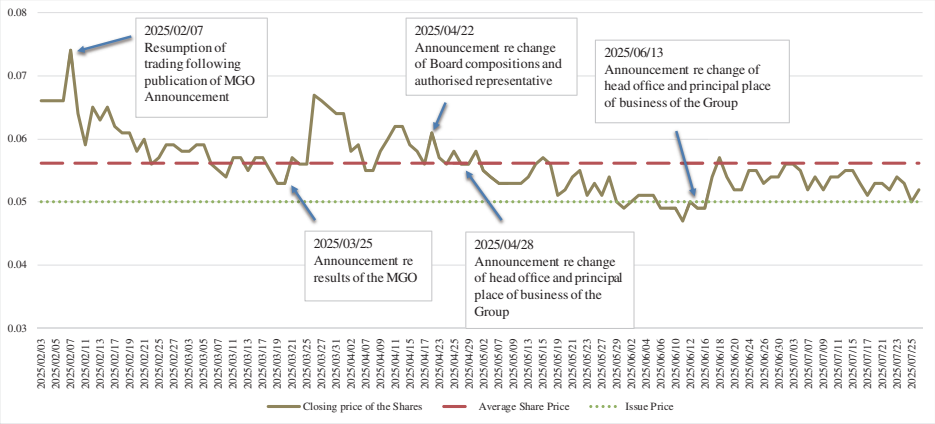
(iii) a discount of approximately 4.21% to the average closing price of HK$0.0522 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the date of the Sale and Purchase Agreement; and

(iv) a premium of approximately 100% over the audited consolidated net asset value attributable to the Shareholders as at 31 December 2024 of approximately HK$0.025 per Share (based on the audited consolidated net asset value attributable to Shareholders as at 31 December 2024 (the date of which the latest audited financial results of the Group were made up) of approximately HK$36.05 million divided by 1,439,385,743 Shares in issue as at the Latest Practicable Date).

4.4.1 Historical price and trading volume of the Shares

In order to assess the fairness and reasonableness of the Issue Price, we have taken into account (i) the daily closing prices of the Shares as quoted on the Stock Exchange during the 6 months ended the date of the Sale and Purchase Agreement, i.e. from 29 January 2025 to 28 July 2025 (the "**Review Period**"); and (ii) the average daily trading volumes of the Shares for each of the months during the Review Period. In relation to the 6 months Review Period adopted in our analysis, we note that (i) it represents a reasonable period to provide a general overview of the recent price performance of the Shares which has fully reflected relevant information of the Group's performance; (ii) a shorter period (e.g. 3 months) may not sufficiently illustrate a meaningful historical trend for a proper assessment; and (iii) a longer period (e.g. 12 months) may have been too distant in time making such historical trend less relevant within the context of the Acquisition and with reference to the dynamic financial markets. Accordingly, we consider that the sampling period of 6 months for the Review Period is appropriate when conducting an analysis on the historical closing prices of the Shares, trading volumes and the Issue Price.

4.4.1.1 Closing price movement of the Share during the Review Period



Source: website of the Stock Exchange

The Share trading suspended at the beginning of the Review Period until 6 February 2025, on which the Company published an announcement (the "**MGO Announcement**") regarding change in control on the Company (the "**Change In Control**") and mandatory general offer by the incoming shareholder (the "**MGO**"). On 7 February 2025, the Shares resumed trading following publication of the MGO Announcement and the Share price closed at HK$0.074 per Share. Since then, then Share price gradually went down and closed at HK$0.56 per Share on 25 March 2025, on which the Company published a results announcement regarding the MGO. The Share price increased to HK$0.067 per Share on 26 March 2025, and gradually slided down to HK$0.61 per Share on 22 April 2025, on which the Company announced change of Board composition and authorized representative following the Change In Control. The Share price slightly decreased to HK$0.056 per Share on 28 April 2025, on which the Company announced change of head office and principal place of business in Hong Kong. The Share price further went down to HK$0.049 on 13 June 2025, on which the Company announced change of head office and principal place of business in Hong Kong for the second time since the Change In Control. Since then, the Share price traded within an arrow price range between HK$0.049 to HK$0.057 per Share, and closed at HK$0.052 per Share on 28 July 2025 (i.e. the Last Trading Date).

During the Review Period, the closing prices of the Shares ranged from HK$0.047 per Share (recorded on 11 June 2025, the "**Lowest Closing Price**")) to HK$0.074 per Share (recorded on 7 February 2025), with an average closing price over the Review Period of HK$0.0561 per Share (the "**Average Closing Price**"). The Issue Price of HK$0.05 per Share represents premium of approximately 5.4% and discount of approximately 10.9% over the Lowest Closing Price and to the Average Closing Price during the Review Period respectively.

4.4.1.2 Average daily trading volume for each month during the Review Period

Month of 2025	Total trading volume	Number of trading days	Average daily trading volume for the month/ period	Percentage of average daily volume over the issued share capital
7 February to 28 February	340,992,931	16	21,312,058	1.48%
March	73,574,660	21	3,503,555	0.24%
April	53,118,350	19	2,795,703	0.19%
May	38,156,285	20	1,907,814	0.13%
June	40,331,250	21	1,920,536	0.13%
July 1 to July 28 (Last Trading Date)	25,333,200	19	1,333,326	0.09%

Source: website of the Stock Exchange

Notes:

1. The average daily trading volumes are calculated by dividing the total trading volume of the Shares for the month/period by the number of trading days during the month/period.

2. During the Review Period, the total number of issued Shares was 1,439,385,743.

During the Review Period, the average daily trading volume of the Shares in each month ranged from a low of approximately 1,333,326 Shares in July 2025 to a high of approximately 21,312,058 Shares in February 2025, representing approximately 0.09% and 1.48% to the total number of issued Shares as at the end of each month during the Review Period, respectively.

4.4.1.3 Our observations

As illustrated in section 4.4.1.1 above, the Issue Price of HK$0.05 per Share represents premium of approximately 5.4% and discount of approximately 10.9% over the Lowest Closing Price and to the Average Closing Price during the Review Period respectively.

As illustrated in sections 4.4.1.1 and 4.4.1.2 above, the Share price demonstrated a gentle downward trend throughout the Review Period, during which the Share price peaked at HK$0.74 in February 2025 due to the MGO Announcement, coupled with the highest trading volume in February 2025 throughout the Review Period. The Issue Price represented merely a discount of approximately 3.8% to the closing price of the Share on the Last Trading Date and a discount of approximately 10.9% over the Average Closing Price during the Review Period respectively.

Having considered the above, we concur with the Company that the issue of the Consideration Shares would effectively represent an equity fundraising activity offered with reference to the market price of the Shares given the thin trading activity of the Shares. Financing by way open offer, rights issue or issue of new shares to new investors may result in deeper discount to the prevailing market price of the Shares given the thin trading activity of the Shares and declining trend of the Share price.

4.4.2 Comparable analysis

In assessing the fairness and reasonableness of the Issue Price, we have also made reference to other comparable acquisitions involving issue of consideration shares as initially announced by companies listed on Main Board of the Stock Change during the Review Period, excluding those issues involving the triggering of general offer obligations or applications for whitewash waiver or share consolidations or corporate restructuring which, in our view are different from the Company's circumstances and the structure of the Acquisition.

We consider that the adopted Review Period is reasonably recent and sufficient for providing a general reference to the market practice for the purpose of our assessment. We have identified an exhaustive list of 13 comparable issues (the "**Comparable Issues**") having met the aforesaid selection criteria. It is worth noting that the underlying issuers of the Comparable Issues may or may not be identical to the Company in terms of principal activities, market capitalisations, profitability, operations and financial positions, and that the circumstances leading to the Comparable Issues to issue shares may differ from that of the Company under the Acquisition. Nevertheless, having considered (i) all of the companies involved in the Comparable Issues and the Group are listed on the Stock Exchange; (ii) our analysis is mainly concerned with the principal terms of the issue of consideration shares by companies listed on the Stock Exchange over the Review Period, which represents comprehensive overall market sentiment over the Review Period in our comparable

analysis; (iii) the 13 Comparable Issues identified during the aforementioned period were exhaustively included without any artificial selection or filtering on our part so the Comparable Issues represent a true and fair view of the recent market trends for similar transactions conducted by other companies listed on the Stock Exchange over the Review Period, we consider the following analysis on the Comparable Issues to be one of the appropriate bases for assessing the fairness and reasonableness of the Issue Price. Set out below are the details of the Comparable Issues:

Date of announcement	Stock code	Company name	Issue size *HK$'million*	Percentage of issue size over the then market capitalisation on the date of acquisition agreement %	Premium/(discount) of the issue price over/to the closing price of the share on the last trading day prior to the acquisition agreement %	Premium/(discount) of the issue price over/to the average closing price for the 5 trading days immediately prior to the acquisition agreement %	Connected transaction *(Y/N)*
7/28/2025	1783	Envision Greenwise Holdings Limited	156	1.52	7.11	7.93	N
7/21/2025	1725	USPACE Technology Group Limited	126	32.05	(19.23)	(20.25)	Y
7/14/2025	1520	Virtual Mind Holding Company Limited	15	3.15	(33.33)	(39.02)	Y
6/12/2025	2246	GOGOX Holdings Limited	12	4.90	(0.62)	(1.40)	N
6/2/2025	863	OSL Group Limited	117	1.53	3.59	—	N
5/29/2025	1683	Hope Life International Holdings Limited	87	8.38	(4.48)	(5.60)	N
5/28/2025	769	China Rare Earth Holdings Limited	150	16.30	(2.60)	(4.10)	N
5/6/2025	9860	ADICON Holdings Limited	191	3.51	(3.38)	(1.14)	N
4/28/2025	1468	Kingkey Financial International (Holdings) Limited	103	33.89	(16.57)	(18.89)	N
4/28/2025	1011	China NT Pharma Group Company Limited	124	31.62	(22.41)	8.96	N
3/7/2025	340	Tongguan Gold Group Limited	400	16.38	(16.67)	(3.85)	N
2/27/2025	572	Future World Holdings Limited	12	9.24	11.80	7.20	N
2/9/2025	1020	Cybernaut International Holdings Company Limited	121	33.94	14.90	17.90	N
			Maximum	**33.94**	**14.90**	**17.90**	
			Minimum	**1.52**	**(33.33)**	**(39.02)**	
			Median	**9.24**	**(3.38)**	**(1.40)**	
			Average	**15.11**	**(6.30)**	**(4.02)**	
7/28/2025	**1102**	**Enviro Energy International Holdings Limited**	**68**	**90.85**	**(3.85)**	**(4.21)**	**Y**

Source: HKExnews website

As illustrated in the table above, the underlying issue prices of 9 out of 13 Comparable Issues were set at a discount to the respective closing prices on the respective dates of the relevant agreements or last trading days.

The percentage of issue size over the market capitalization of the Company is higher than all of that of the Comparable Issues and is roughly three times of the highest percentage of issue size over the market capitalization of companies involved in the Comparable Issues. Further, the issue prices of the Comparable Issues represent a range from a discount of approximately 33.33% to a premium of approximately 14.90%, with an average of discount of approximately 6.30% and a median of discount of approximately 3.38% as compared to the closing price on the trading day immediately before the date of the relevant acquisition agreement. Therefore, the discount of the Issue Price to the closing price on the trading day immediately before the date of the Sale and Purchase Agreement of approximately 3.85% is similar to the median, lower than the average and within range of the Comparable Issues.

Last but not least, the issue prices of the Comparable Issues represent a range from a discount of approximately 39.02% to a premium of approximately 17.90%, with an average of discount of approximately 4.02% and a median of discount of approximately 1.40% as compared to the average closing price for the 5 trading days immediately before the date of the relevant acquisition agreement. Therefore, the discount of the Issue Price to the average closing price for the 5 trading days immediately before the date of the Sale and Purchase Agreement of approximately 4.21% is similar to the average, slightly deeper than the average and within range of the Comparable Issues. It is expected that a bigger issue size of new shares, either subscription shares, consideration shares or placing shares against the issue share capital of a company will result in a relatively deeper discount demanded by the subscriber/vendor/placee especially after having considered the relatively thin trading volume of the Shares as discussed in sections 4.4.1.2 and 4.4.1.3 of this letter. Despite the highest percentage of issue size over the market capitalization, the Company was still able to bargain the aforementioned discount of the Issue Price over the prevailing trading price of the Shares, which is considered favorable against the Comparable Issues and is therefore fair and reasonable.

4.5 Dilution effect of the Consideration Shares on the shareholding structure of the Company

The attention of the Independent Shareholders is drawn to the section headed ''Effect on shareholding structure of the Company'' in the Board Letter. As noted in the aforementioned section, the shareholding of the ''Other Shareholders'' (i) is approximately 39.84% as at the Latest Practicable Date and (ii) will be diluted to approximately 20.48% upon Completion and issue of the Consideration Shares, representing a decrease in shareholding by approximately 19.36%.

We are aware that the issue of Consideration Shares will incur a dilution effect on the shareholding of the existing public Shareholders. Nonetheless, having considered that (i) Independent Shareholders are given the chance to express their views on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (inclusive of the Acquisition) through their votes at the EGM; (ii) the Consideration Shares to be issued, when allotted and issued, will be recognised entirely as equity of the Company

which in turn will improve the gearing ratio and enlarge the capital base of the Group; (iii) the reasons for the Acquisition as discussed in section 3 above; (iv) the basis of Consideration and our work performed in relation to the Valuation Report as set out in section 4.2 above; (v) our analysis on the historical price and trading volume of the Shares as set out in section 4.4.1 above; (vi) the discount of the Issue Price to the closing price on the trading day immediately before the date of the Sale and Purchase Agreement of approximately 3.85% is similar to the median, lower than the average and within range of the Comparable Issues; and the discount of the Issue Price to the average closing price for the 5 trading days immediately before the date of the Sale and Purchase Agreement of approximately 4.21% is similar to the average, slightly deeper than the average and within range of the Comparable Issues, as set out in section 4.4.2 above; and (vii) the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (inclusive of the Acquisition) are fair and reasonable so far as the Independent Shareholders are concerned, we are of the view that the dilution effect on the shareholding interests of the public Shareholders is acceptable.

4.6 Alternative financing

In respect of rights issue or open offer, we concur with the Directors that rights issue or open offer may not be desirable for the following reasons:

(i) while a rights issue or open offer would permit existing Shareholders to maintain their pro-rata shareholdings, these methods present significant drawbacks. In order to encourage the Shareholders to participate in the rights issue or open offer, the Company will need to set the offer price or issue price at a deeper discount to the market price as compared to issue of consideration shares under specific mandate so as to provide incentives for the Shareholders to further invest in the Company. If the discount to the rights issue price or open offer price offered is not sufficiently attractive, it may potentially lead to low subscription level by the existing Shareholders. In this circumstance, the deep discount of the offer price or issue price will deteriorate the value of the Shareholders' holdings in the Company due to the lower theoretical ex-rights price This risk is heightened where market sentiment is volatile, as underwriter(s) may demand deeper discounts or higher fees to assume the risk, or may be unwilling to fully underwrite the offer at all. Consequently, if conducted on a non-underwritten basis, the ultimate fund-raising size could not be assured, leaving the Company's funding needs unmet;

(ii) additional time would reasonably be required. According to the ''Guide on Trading Arrangements for Selected Types of Corporate Actions'' issued by the Stock Exchange last updated in September 2024, (a) if general meeting is not required, an open offer will take at least 32 business days and a rights issue will take at least 28 business days from the date of announcement of the relevant proposal to the first date of dealings of the offer shares and fully-paid rights shares; and (b) if general meeting is required, both an open offer and a rights issue will take at least 40 business days from the date of announcement of the relevant proposal to the first date of dealings of the offer shares or fully-paid

rights shares. The above would invariably add additional time on the already pro-longed timetable of the Acquisition which was first announced by the Company on 28 July 2025; and

(iii) additional cost would be required for rights issue or open offer, including but not limited to underwriting commission (i.e. usually a percentage to the aggregated subscription price of underwritten shares) and additional professional fees on top of that of the Acquisition, including costs for engagement of reporting accountants, financial advisers and/or brokerage agent(s) in respect of execution of (including but not limited to preparation of announcement, circular and prospectus) of the rights issue or open offer, as compared to the issue of consideration shares under specific mandate alongside the Acquisition.

In respect of debt financing, it would incur lengthy due diligence time cost from lenders and additional finance costs on the Group. The Group does not have fixed assets of sufficient value that could be pledged as security. Hence, we concur with the Directors that it may not be feasible to secure debt financing without incurring additional and recurring financing cost over the term of the debt financing, which would result in additional interest burden and ultimately obligation of repayment of principle upon maturity to the Group.

Based on the factors discussed above, we concur with the Directors that settlement of consideration of the Acquisition through the issue of new Consideration Shares offers greater execution certainty in volatile markets and saves the Group from additional time on the timetable arising out of extra steps of rights issue or open offer or lengthy due diligence from lenders in debt financing and additional professional fees associated with open offer or rights issue or additional interest expenses, which is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

5. Financial effect of the Acquisition

5.1 Effect on revenue and earnings

As at the Latest Practicable Date and prior to Completion, the Joint Venture is a subsidiary of the Company and its financial results is consolidated into the financial statements of the Company.

Upon Completion, the Company will own 60% issued share capital of the Target Company, which holds 40% of the shareholding interest in the Joint Venture as at the Latest Practicable Date. As a result, (i) the Joint Venture will continue to be a subsidiary of the Company and its financial results will continue to be consolidated into the financial statements of the Company; and (ii) the Target Company will become a subsidiary of the Company and financial results of the Target Group will be consolidated into the financial statements of the Company and having noted its historical profitability, it is expected that the Enlarged Group's future profitability will be enhanced.

5.2 Effect on financial position

As illustrated in the unaudited pro forma financial information of the Enlarged Group in Appendix IV of the Circular, assuming that Completion took place on 30 June 2025, (i) the net current assets of the Group will be increased from approximately HK$46,221,000 to approximately HK$110,611,000; and (ii) the net assets attributable to owners of the Company will be increased from approximately HK$14,856,000 to approximately HK$72,799,000 upon Completion.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the Acquisition.

6. Conclusion

Having considered, in particular,

(i) the reasons for and benefits of the Acquisition as discussed in section 3 above and in particular further increasing the Group's interest in the Joint Venture from a 60% indirect interest as at the Latest Practicable Date to an aggregate of 84% indirect interest upon Completion would facilitate the benefits as mentioned under the paragraphs headed "Strategic position of the Joint Venture" and "Vertical expansion of the Group's existing building materials supply business";

(ii) the significantly improved financial performance of Hangzhou Zhongji during the nine months ended 30 September 2025 as compared to the nine months ended 30 September 2024 as discussed in section 2.3.2 of this letter indicates that the Acquisition which would result in the Company having an indirect 60.0% interest in Hangzhou Zhongji with it becoming an indirect non-wholly owned subsidiary whose financial statements will be consolidated into that of the Group appears to be an attractive proposition;

(iii) the basis of Consideration and our work performed in relation to the appraised value of the Target Group as set out in section 4.2 above;

(iv) our analysis on the historical price and trading volume of the Shares as set out in section 4.4.1 above;

(v) the discount of the Issue Price to the closing price on the trading day immediately before the date of the Sale and Purchase Agreement of approximately 3.85% is similar to the median, lower than the average and within range of the Comparable Issues; and the discount of the Issue Price to the average closing price for the 5 trading days immediately before the date of the Sale and Purchase Agreement of approximately 4.21% is similar to the average, slightly deeper than the average and within range of the Comparable Issues, as set out in section 4.4.2 above;

(vi) the dilution effect of the Consideration Shares on the shareholding structure of the Company as set out in section 4.5 above; and

(vii) the financial effect of the Acquisition as set out section 5 above,

we consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (inclusive of the Acquisition) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

OPINION AND RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the view that the Acquisition is, although not in the ordinary and usual course of business, on normal commercial terms and the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (inclusive of the Acquisition) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Therefore, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favor of the ordinary resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (inclusive of the Acquisition) at the EGM.

Yours faithfully,
For and on behalf of
Grand Moore Capital Limited

Kevin So	**Florence Ng**
Managing Director — Investment Banking Department	*Associate Director*

Notes:

Mr. Kevin So is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Grand Moore Capital Limited's type 6 regulated activity (advising on corporate finance). Mr. So has over 20 years of experience in the corporate finance industry in Hong Kong.

Ms. Florence Ng is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Grand Moore Capital Limited's type 6 regulated activity (advising on corporate finance). Ms. Ng has over 10 years of experience in the corporate finance industry in Hong Kong.

1. CONSOLIDATED FINANCIAL STATEMENTS

Details of the audited consolidated financial statements of the Group for the three years ended 31 December 2022, 2023 and 2024 and for the six months ended 30 June 2025 respectively are disclosed in the following documents; which have been published on the website of the Stock Exchange (www.hkexnews.hk).

The audited financial information of the Group for the year ended 31 December 2024 is disclosed in the annual report of the Company for the year ended 31 December 2024 published on 30 April 2025, from pages 76 to 164:

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0430/2025043001425.pdf

The audited financial information of the Group for the year ended 31 December 2023 is disclosed in the annual report of the Company for the year ended 31 December 2023 published on 29 April 2024, from pages 80 to 168:

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042902756.pdf

The audited financial information of the Group for the year ended 31 December 2022 is disclosed in the annual report of the Company for the year ended 31 December 2022 published on 27 April 2023, from pages 86 to 172:

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042701503.pdf

The unaudited financial information of the Group for the six months ended 30 June 2025 is disclosed in the interim report of the Company for the six months ended 30 June 2025 published on 30 September 2025, from pages 17 to 44:

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0930/2025093000942.pdf

2. INDEBTEDNESS

As at the close of business on 31 January 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining the information contained in this indebtedness statement, the Group had the following indebtedness:

	Guaranteed and secured *HK$'000*	**Unguaranteed and unsecured** *HK$'000*	**Total** *HK$'000*
Other borrowings	—	5,116	5,116
Loans from fellow subsidiaries	—	2,851	2,851
Shareholders' loan	—	8,600	8,600
Loans from related parties	—	549	549
Amount due to a director	—	6,612	6,612
	—	23,728	23,728

Save as disclosed above and normal trade payables during the ordinary course of business, the Group did not, at the close of business on 31 January 2026, have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, charges or debentures, mortgages, borrowings or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptance (other than inter-group liabilities and normal trade payables), acceptance credits, or any guarantees or other contingent liabilities.

3. MATERIAL CHANGES

The Directors confirm that there was no material change in the financial or trading position or outlook of the Group subsequent to 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

4. WORKING CAPITAL SUFFICIENCY TO THE ENLARGED GROUP

The Directors, after due and careful enquiry and taking into the internal financial resources available to the Group and the effect of the Acquisition, are of the opinion that, after entering into the Sale and Purchase Agreement, the working capital available to the Enlarged Group is sufficient for the Enlarged Group's requirements for at least 12 months from the date of publication of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Notwithstanding the challenges of the inflation and price instability in building materials in recent years, the management explored business opportunities based on its existing supply of building material business network in the PRC and identified the significant demand of building materials in Hangzhou.

The Company views the prospects for the supply of building materials as continuing to be promising, aligned with the broader PRC construction market's projected growth from USD4.85 trillion in 2025 to USD5.88 trillion by 2030, at a compound annual growth rate (CAGR) of approximately 3.93%, fueled by investments in infrastructure, energy, and sustainable building practices.

The Board will continue to look out for opportunities to make investments in any business when suitable opportunities arise to diversify revenue streams of the Group and strengthen the Group's financial position, and thereby maximising the benefits of the shareholders as a whole. The Group is confident for its sustainable growth and believes that its management team with extensive industry experience and its agile operations team are able to adjust the business strategy in accordance with market trends.

The Company does not intend to discontinue or halt the supply of building materials business. As at the Latest Practicable Date and save for the Acquisition, the Company has no intention, understanding, negotiation or arrangement to downsize, cease or dispose of its existing business and/or to acquire or inject any new business to the Company.

The following is the text of a report received from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular.



10 March 2026

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ENVIRO ENERGY INTERNATIONAL HOLDINGS LIMITED

Introduction

We report on the historical financial information of Sapphire Asia Limited (the "**Target Company**") and its subsidiaries (hereinafter collectively referred to as the "**Target Group**") set out on pages II-5 to II-35, which comprises the consolidated and company statements of financial position of the Target Company as at 31 December 2022, 2023, 2024 and 30 September 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the three years ended 31 December 2024 and the nine months ended 30 September 2025 (the "**Relevant Periods**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the circular of Enviro Energy International Holdings Limited (the "**Company**") dated 10 March 2026 in connection with the proposed acquisition of the 60% equity interest in the Target Company.

Sole director's responsibility for the Historical Financial Information

The sole director of the Target Company is responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the sole director determines is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's and the Target Group's financial position as at 31 December 2022, 2023, 2024 and 30 September 2025 and the Target Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended 30 September 2024 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The sole director of the Target Company is responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Audit Engagement Director
Practising Certificate Number P03614

Hong Kong, 10 March 2026

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report. The consolidated financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with HKFRS Accounting Standards (include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Hong Kong dollar(s) ("**HK$**") and all values are rounded to the nearest thousand ("**HK$'000**") except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Nine months ended 30 September	
		2022	2023	2024	2024	2025
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue	*7*	1,634	26,646	23,399	13,640	163,865
Cost of services		—	(15,188)	(17,179)	(8,797)	(110,193)
Gross profit		1,634	11,458	6,220	4,843	53,672
Other income and gains	*8*	505	2,635	446	409	140
Administrative expenses		(1,136)	(1,406)	(1,454)	(1,015)	(2,365)
Profit from operations		1,003	12,687	5,212	4,237	51,447
Share of result of an associate		4,624	11,464	8,188	5,930	3,906
Finance costs	*9*	—	—	(680)	(511)	(533)
Profit before tax		5,627	24,151	12,720	9,656	54,820
Income tax expenses	*10*	(486)	(2,880)	(1,573)	(1,259)	(13,063)
Profit for the year/period	*11*	5,141	21,271	11,147	8,397	41,757
Other comprehensive income/ (expenses):						
Items that will not be reclassified to profit or loss:						
Exchange differences arising on translation of foreign operations		138	(433)	(1,054)	387	1,415
Total comprehensive income for the year/period		5,279	20,838	10,093	8,784	43,172

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	At 31 December 2022 HK$'000	At 31 December 2023 HK$'000	At 31 December 2024 HK$'000	At 30 September 2025 HK$'000
NON-CURRENT ASSETS					
Investment in an associate	*16*	4,508	15,796	23,304	27,893
		4,508	15,796	23,304	27,893
CURRENT ASSETS					
Contract assets and costs	*17*	27,362	112,795	157,382	124,467
Prepayments and other receivables	*18*	1,702	2,294	746	1,253
Amount due from a related company	*19*	54,921	—	—	—
Amount due from the Controlling Shareholder	*20*	390	390	390	390
Cash and cash equivalents		7,928	43,666	24,595	48,314
		92,303	159,145	183,113	174,424
CURRENT LIABILITIES					
Trade payables	*21*	172	18,051	23,356	57,171
Other payables and accruals	*22*	162	602	2,433	12,329
Contract liabilities	*17*	56,846	33,250	56,735	—
Amount due to a related company	*23*	23,145	79,561	68,706	22,454
Income tax liabilities		473	3,327	4,760	15,820
		80,798	134,791	155,990	107,774
NET CURRENT ASSETS		11,505	24,354	27,123	66,650
TOTAL ASSETS LESS CURRENT LIABILITIES		16,013	40,150	50,427	94,543
NON-CURRENT LIABILITIES					
Other payables	*22*	—	14,519	14,703	15,647
NET ASSETS		16,013	25,631	35,724	78,896
CAPITAL AND RESERVE					
Paid-in capital/share capital	*24*	11,610	390	390	390
Reserves		4,403	25,241	35,334	78,506
TOTAL EQUITY		16,013	25,631	35,724	78,896

STATEMENTS OF FINANCIAL POSITION

	Notes	At 31 December 2022 HK$'000	At 31 December 2023 HK$'000	At 31 December 2024 HK$'000	At 30 September 2025 HK$'000
NON-CURRENT ASSETS					
Investment in subsidiaries	*15*	400	400	400	400
		400	400	400	400
CURRENT ASSETS					
Amount due from the Controlling Shareholder	*20*	390	390	390	390
		390	390	390	390
CURRENT LIABILITIES					
Amounts due to subsidiaries	*15*	400	400	400	400
		400	400	400	400
NET CURRENT LIABILITIES		(10)	(10)	(10)	(10)
NET ASSETS		390	390	390	390
CAPITAL AND RESERVE					
Share capital	*24*	390	390	390	390
Reserves		—	—	—	—
TOTAL EQUITY		390	390	390	390

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the owners of the Target Company			
	Paid-up capital/share capital *HK$'000*	**Exchange reserve** *HK$'000*	**(Accumulated losses)/ retained earnings** *HK$'000*	**Total** *HK$'000*
At 1 January 2022	11,220	—	(876)	10,344
Issue of shares of the Target Company	390	—	—	390
Total comprehensive income for the year	—	138	5,141	5,279
At 31 December 2022 and 1 January 2023	11,610	138	4,265	16,013
Effect of the Reorganisation (Note 2)	(11,220)	—	—	(11,220)
Total comprehensive income for the year	—	(433)	21,271	20,838
At 31 December 2023 and 1 January 2024	390	(295)	25,536	25,631
Total comprehensive income for the year	—	(1,054)	11,147	10,093
At 31 December 2024 and 1 January 2025	390	(1,349)	36,683	35,724
Total comprehensive income for the period	—	1,415	41,757	43,172
At 30 September 2025	390	66	78,440	78,896
At 1 January 2024	390	(295)	25,536	25,631
Total comprehensive income for the period (Unaudited)	—	387	8,397	8,784
At 30 September 2024 (Unaudited)	390	92	33,933	34,415

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Cash flows from operating activities					
Profit before tax	5,627	24,151	12,720	9,656	54,820
Adjustments for:					
Interest income	(504)	(457)	(446)	(409)	(140)
Share of result of an associate	(4,624)	(11,464)	(8,188)	(5,930)	(3,906)
Gain on initial recognition of loan payable	—	(2,178)	—	—	—
Finance costs	—	—	680	511	533
Operating profit before working capital changes	499	10,052	4,766	3,828	51,307
Change in contract assets and costs	(28,085)	(86,422)	(49,268)	1,801	(84,471)
Change in prepayments and other receivables	—	(592)	1,548	(43,557)	(507)
Change in trade payables	—	17,879	5,305	23,563	33,815
Change in other payables and accruals	1,132	440	1,831	3,987	9,896
Change in contract liabilities	53,998	(22,120)	25,064	(22,239)	(57,721)
Change in amount due to a related company	10,011	58,940	(2,746)	(31,991)	50,883
Cash generated from/(used in) operations	37,555	(21,823)	(13,500)	(64,608)	3,202
Income tax paid	—	—	—	—	(2,241)
NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES	37,555	(21,823)	(13,500)	(64,608)	961
Cash flows from investing activities					
Interest received	504	457	446	409	140
(Advance to)/repayment from a related company	(31,354)	54,921	—	—	—
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(30,850)	55,378	446	409	140

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Cash flows from financing activities					
(Repayment to)/advance from a related company	(5,925)	(1,626)	(5,621)	38,566	22,705
Loan from a third party	—	16,763	—	—	—
Consideration paid under the Reorganisation	—	(11,220)	—	—	—
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(5,925)	3,917	(5,621)	38,566	22,705
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	780	37,472	(18,675)	(25,633)	23,806
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	7,628	7,928	43,666	43,666	24,595
EXCHANGE DIFFERENCE ON CASH AND CASH EQUIVALENTS	(480)	(1,734)	(396)	243	(87)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	7,928	43,666	24,595	18,276	48,314
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Bank and cash balances	7,928	43,666	24,595	18,276	48,314

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Sapphire Asia Limited (the "**Target Company**") was incorporated on 6 December 2022 in the British Virgin Islands (the "**BVI**") with limited liability. The address of its registered office is Vistra Corporate Services Centre, Wickhams Cay II, Road Town Tortola, VG1110, BVI and its principal place of business is Room 409, 4th Floor, Building 11, Yinhu Innovation Center, No. 9 Fuxian Road, Yinhu Street, Fuyang District, Hangzhou City, Zhejiang Province, China.

The immediate and ultimate holding company of the Target Company is Amethyst Asia Limited ("**Amethyst Asia**"), a limited liability company incorporated in the BVI, which is controlled by Mr. Wu Jianrong (the "**Controlling Shareholder**").

The Target Company is an investment holding company and its subsidiaries are principally engaged in the provision of decoration work in the People's Republic of China (the "**PRC**") (the "**Decoration Business**").

As at the date of this report, the Target Company had direct and indirect interests in the following subsidiaries and an associate, all of which are private limited liability companies, and the particulars of which are set out below:

Company name	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Attributable equity interest of the Target Group					Principal activities
			31 December			30 September	the date of this report	
			2022	2023	2024	2025		
Subsidiaries								
Directly held:								
Ivory Asia Limited ("**Ivory Asia**")	Hong Kong, 24 February 2023	HK$10,000	N/A	100%	100%	100%	100%	Investment holding
Quartz Asia Limited ("**Quartz Asia**")	The BVI, 27 September 2022	HK$10,000	N/A	100%	100%	100%	100%	Investment holding
Indirectly held:								
Aquamarine Asia Limited ("**Aquamarine Asia**")	Hong Kong, 27 February 2023	HK$10,000	N/A	100%	100%	100%	100%	Investment holding
Zhejiang Hengji Commercial Management Co., Ltd[1]* (浙江衡機商業管理有限公司) ("**Zhejiang Hengji**")	The PRC, 25 August 2023	RMB10,000,000	N/A	100%	100%	100%	100%	Investment holding
Hangzhou Zhongji Construction Decoration Engineering Co., Ltd.[2]* (杭州中機建築裝飾工程有限公司) ("**Hangzhou Zhongji**")	The PRC, 15 July 2020	RMB15,500,000	N/A	100%	100%	100%	100%	Provision of decoration work in the PRC
Associate								
Hangzhou Junheng Building Materials Company Limited[2]* (杭州峻衡建材有限公司) ("**Hangzhou Junheng**")	The PRC, 15 July 2020	RMB5,000,000	N/A	40%	40%	40%	40%	Trading of building materials in the PRC

[1] The entity is established in the PRC in the form of wholly foreign-owned enterprise.

[2] The entity is established in the PRC in the form of non-wholly foreign-owned enterprise.

* *The English name is a translation of its Chinese name and included herein for identification purpose only.*

2. REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Historically, the Decoration Business was carried out by Hangzhou Zhongji, which is under the control of the Controlling Shareholder. The Target Group underwent a reorganisation (the "**Reorganisation**"), which mainly involved inserting some newly formed entities with no substantive business operations as the new holding companies of Hangzhou Zhongji. There were no changes in the economic substance of the ownership and business of the Target Group before and after the Reorganisation. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the financial statements of Hangzhou Zhongji with the assets and liabilities recognised and measured at their historical carrying amounts prior to the Reorganisation.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Target Group for the Relevant Periods as set out in the Historical Financial Information include the financial performance and cash flows of the companies now comprising the Target Group as if the current group structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation, whichever is a shorter period. The consolidated statements of financial position of the Target Group as at 31 December 2022, 2023 and 2024 and 30 September 2025 as set out in the Historical Financial Information have been prepared to present the financial position of the companies now comprising the Target Group as at those dates as if the current group structure had been in existence as at the respective dates, taking into account the respective dates of incorporation, where applicable. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

No statutory audited financial statements were issued by the Target Company.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

During the Relevant Periods, the Target Group had adopted all the new and revised HKFRS Accounting Standards issued by HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations.

The Target Group has not applied the new and revised HKFRS Accounting Standards that have been issued but are not yet effective. The Target Group has already commenced an assessment of the impact of these new and revised HKFRS Accounting Standards but is not yet in a position to state whether these new and revised HKFRS Accounting Standards would have a material effect on the results of operations and financial position of the Target Group.

4. MATERIAL ACCOUNTING POLICIES

The Historical Financial Information has been prepared under the historical cost convention. The Historical Financial Information is presented in Hong Kong dollar(s) ("**HK$**") and all figures are rounded to the nearest thousand (HK$'000) except when otherwise indicated. The functional currency of the Target Group's principal operating entities is Renminbi ("**RMB**"). The sole director considers that choosing HK$ as the presentation currency best suits the needs of the shareholders and investors.

The Historical Financial Information has been prepared under the historical cost convention.

The preparation of Historical Financial Information in conformity with HKFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the sole director to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these Historical Financial Information, are disclosed in Note 5 to the Historical Financial Information.

The material accounting policies applied in the preparation of the Historical Financial Information are set out below.

Merger accounting for business combination under common control

The Historical Financial Information incorporates the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the Controlling Shareholder.

The net assets of the combining entities or businesses are combined using the existing carrying values from the Controlling Shareholder's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the Controlling Shareholder's interest. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities, arising from the Reorganisation, are recognised directly in equity as part of the capital reserve. The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as an expense in the period in which they are incurred.

Business combination (other than under common control) and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Target Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Target Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Target Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, equity investments at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Associates

Associates are entities over which the Target Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Target Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Target Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Target Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Target Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Target Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Target Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Target Group and its associates are eliminated to the extent of the Target Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in HK$. The functional currency of the Target Group's principal operating entities is RMB. The sole director considers that choosing HK$ as the presentation currency best suits the needs of the shareholders and investors.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) Translation on consolidation

The results and financial position of all the Target Group entities that have a functional currency different from the Company's presentation currency are translated into the Target Company's presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

(iii) All resulting exchange differences are recognised in the exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the exchange reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Target Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Target Group transfers substantially all the risks and rewards of ownership of the assets; or the Target Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Target Group are classified as financial assets at amortised cost.

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

— the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

— the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Loss allowances for expected credit losses

The Target Group recognises loss allowances for expected credit losses ("**ECL**") on financial assets at amortised cost. ECL are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Target Group measures the loss allowance for a financial instrument at an amount equal to the ECL that result from all possible default events over the expected life of that financial instrument ("**lifetime ECL**") for contract assets and contract costs, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Target Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime ECL that represents the ECL that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of ECL or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Target Group are recorded at the proceeds received, net of direct issue costs.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Target Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

— the customer simultaneously receives and consumes the benefits provided by the Target Group's performance;

— the Target Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

— the Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

A contract asset represents the Target Group's right to consideration in exchange for goods or services that the Target Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Target Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Group's obligation to transfer goods or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

(a) Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Target Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Target Group's performance in transferring control of goods or services.

(b) Variable consideration

For contracts that contain variable consideration in relation to the variation works and claims for prolongation, the Target Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Target Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Target Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

(c) Costs to fulfil a contract

The Target Group incurs costs to fulfil a contract in its construction contracts. The Target Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

— the costs relate directly to a contract or to an anticipated contract that the Target Group can specifically identify;

— the costs generate or enhance resources of the Target Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

— the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

In determining whether the Target Group's revenue should be reported gross or net is based on a continuing assessment of various factors. When determining whether the Target Group is acting as the principal or agent in offering services to the customer, the Target Group needs to first identify who controls the specified services before they are transferred to the customer. The Target Group is a principal who obtains control any of the following: (i) a right to a service to be performed by the other party, which gives the Target Group the ability to direct that party to provide the service to the customer on the Target Group's behalf; and (ii) a service from the other party that the Target Group then consolidates with other services in providing the specified service to the customer. If control is unclear, when the Target Group is primarily obligated in a transaction, has latitude in establishing prices, or has several but not all of these indicators, the Target Group records revenues on a gross basis. Otherwise, the Target Group records the net amount earned as commissions from services provided.

Other revenue

Interest income is recognised using the effective interest method.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Target Group's subsidiaries incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan and other defined contribution social security plans organised by relevant government authorities in the PRC on a monthly basis. Employees of the Target Group in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Target Group contributes funds which are calculated on a fixed percentage of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees. The government authorities undertake to assume the retirement benefit obligations payable and other social security payables to all existing and future retired employees under these plans and the Target Group has no further obligation beyond the contributions made. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from those of the Target Group.

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Target Group can no longer withdraw the offer of those benefits and when the Target Group recognises restructuring costs and involves the payment of termination benefits.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in a subsidiary, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Target Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Target Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Target Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of productions processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Related parties

A related party is a person or entity that is related to the Target Group.

(A) A person or a close member of that person's family is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group.

(B) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group. If the Target Group is itself such a plan, the sponsoring employers are also related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to a parent of the Target Group.

Impairment of assets

At the end of each reporting period, the Target Group reviews the carrying amounts of its tangible and intangible assets except investments, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Target Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Historical Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Historical Financial Information when material.

5. CRITICAL JUDGMENTS AND KEY ESTIMATES

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Revenue recognition

The Target Group recognises contract revenue and profit of a construction contract according to the management's estimation of the total outcome of the project as well as the progress towards complete satisfaction of a performance obligation measured based on input method. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

(b) Provision for ECL on contract assets and contract costs

The Target Group provides for ECL on contract assets and contract costs based on assessments of the recoverability of the contract assets and contract costs, including the current creditworthiness and the past collection history of each debtor. ECL arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of ECL for contract assets and contract costs requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the contract assets and contract costs and impairment loss expenses in the year in which such estimate has been changed.

6. FINANCIAL RISK MANAGEMENT

The Target Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance.

(a) Foreign currency risk

The Target Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the respective Target Group's entities.

(b) Credit risk

The carrying amounts of the contract assets, other receivables, amounts due form a related company and the Controlling Shareholder, and cash and cash equivalents included in the consolidated statements of financial position represent the Target Group's maximum exposure to credit risk in relation to the Target Group's financial assets.

As at 31 December 2022, 2023 and 2024 and 30 September 2025, the Target Group's contract assets of approximately HK$20,647,000, HK$112,795,000, HK$157,382,000, and HK$124,467,000 were attributable to two counterparties, which are related companies of the Target Group. The contract assets represent the Target Group's rights to consideration for the decorative services performed but not yet billed.

The sole director has assessed the credit risk associated with these contract assets by considering the following factors:

— the counterparties' financial position, which the sole director considers to be sound based on the available financial information;

— the historical payment record with the counterparties, which has shown no instances of default or significant delay; and

— the nature of the related party relationship, which provides sole director with ongoing visibility over the counterparties' operations and financial condition.

Based on the above assessment, the sole director has concluded that the contract assets have low credit risk and that no material expected credit loss allowance is required to be recognised as at the end of each reporting period.

Amounts due from a related company and the Controlling Shareholder are closely monitored by the sole director.

The credit risk on cash and cash equivalents is limited because the counterparties are banks with good reputation.

The Target Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Target Group. The Target Group normally categorises a receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where receivables have been written off, the Target Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Target Group uses two categories for non-trade receivables which reflect their credit risk and how the loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Target Group considers historical loss rates for each category and adjusts for forward looking data.

Category	**Definition**	**Loss provision**
Performing	Low risk of default and strong capacity to pay	12 month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

(c) Liquidity risk

The Target Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on contractual undiscounted cash flows, of the Target Group's financial liabilities is as follows:

		Undiscounted cash flows			
	Carrying amount *HK$'000*	**On demand or less than 1 years** *HK$'000*	**Between 1 and 2 years** *HK$'000*	**Between 2 and 5 years** *HK$'000*	**Total** *HK$'000*
At 31 December 2022					
Trade payables	172	172	—	—	172
Other payables and accruals	162	162	—	—	162
Amount due to a related company	23,145	23,145	—	—	23,145
	23,479	23,479	—	—	23,479
At 31 December 2023					
Trade payables	18,051	18,051	—	—	18,051
Other payables and accruals	602	602	—	—	602
Other payables (Non-current)	14,519	—	—	16,687	16,687
Amount due to a related company	79,561	79,561	—	—	79,561
	112,733	98,214	—	16,687	114,901
At 31 December 2024					
Trade payables	23,356	23,356	—	—	23,356
Other payables and accruals	2,433	2,433	—	—	2,433
Other payables (Non-current)	14,703	—	16,132	—	16,132
Amount due to a related company	68,706	68,706	—	—	68,706
	109,198	94,495	16,132	—	110,627
At 30 September 2025					
Trade payables	57,171	57,171	—	—	57,171
Other payables and accruals	12,329	12,329	—	—	12,329
Other payables (Non-current)	15,647	—	16,578	—	16,578
Amount due to a related company	22,454	22,454	—	—	22,454
	107,601	91,954	16,578	—	108,532

(d) Interest rate risk

As the Target Group has no significant interest-bearing assets and liabilities, the Target Group's operating cash flows are substantially independent of changes in market interest rates.

(e) Capital risk management

The Target Group's objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

(f) Categories of financial instruments

	At 31 December			At 30 September
	2022	2023	2024	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets:				
Financial assets at amortised cost (including cash and cash equivalents)	63,245	44,062	24,985	48,704
Financial liabilities:				
Financial liabilities at amortised cost	23,479	112,733	109,198	107,601

(g) Fair values

The carrying amounts of the Target Group's financial assets and financial liabilities as reflected in the consolidated statements of financial position approximate their respective fair values.

7. REVENUE AND SEGMENT INFORMATION

The Target Group's revenue for the Relevant Periods are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue from contracts with customers:					
Decoration service income	—	18,229	21,082	11,259	163,865
Project management service income	1,634	8,417	2,317	2,381	—
Revenue from contracts with customers	1,634	26,646	23,399	13,640	163,865

Disaggregation of revenue from contracts with customers

All revenue is solely derived from the PRC during the Relevant Periods.

All timing of revenue recognition is over time during the Relevant Periods.

Revenue from major customers:

During the Relevant Periods, the Target Group's services were rendered to two related companies, which are ultimately controlled by the Controlling Shareholder.

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Related Customer A	—	18,229	21,082	11,259	163,865
Related Customer B	1,634	8,417	2,317	2,381	—

Except for aforesaid, there is no customer which individually contributed over 10% of the Target Group's total revenue during the Relevant Periods.

Decoration service income

The Target Group provides decoration service to the customers. When the progress towards complete satisfaction of the performance obligations of a decoration contract can be measured reasonably, revenue from the contract and the contract costs are recognised using the percentage of completion method, measured by input method. This method provides the most reliable estimate of the percentage of completion.

When the progress towards complete satisfaction of the performance obligations of a decoration contract cannot be measured reasonably, revenue is recognised only to the extent of contract costs incurred that is expected to be recoverable.

Project management service income

The Target Group has certain contracts with a customer to arrange and coordinate project works to be performed by designated contractors. Under these contracts, the Target Group determines that it does not obtain control of the services provided by the contractors before they are transferred to the customer. The Target Group's role is in substance to arrange for the customer to provide the specified services, and accordingly, the Target Group is acting as an agent in these arrangements. Revenue is recognised at the net amount that the Target Group retains rather than the gross amount.

8. OTHER INCOME AND GAINS

	Year ended 31 December			Nine months ended 30 September	
	2022	**2023**	**2024**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Gain on initial recognition of loan payable *(Note 22)*	—	2,178	—	—	—
Bank interest income	504	457	446	409	140
Others	1	—	—	—	—
	505	2,635	446	409	140

9. FINANCE COSTS

	Year ended 31 December			Nine months ended 30 September	
	2022	**2023**	**2024**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Unwinding of discount on other payables *(Note 22)*	—	—	680	511	533

10. INCOME TAX EXPENSES

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Current tax					
The PRC Enterprise Income Tax	486	2,880	1,573	1,259	13,063

Enterprise Income Tax of the PRC has been provided at the rate of 25% on the estimated assessable profits arising from the PRC for the Relevant Periods.

The income tax of the Target Group's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profit of the consolidated entities is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit before tax	5,627	24,151	12,720	9,656	54,820
Tax calculated at the domestic income tax rate in the respective jurisdictions	1,407	6,038	3,180	2,414	13,705
Tax effect of income that are not taxable	—	(545)	—	—	—
Tax effect of expenses that are not deductible	235	253	440	328	335
Tax effect of share of result of an associate	(1,156)	(2,866)	(2,047)	(1,483)	(977)
Income tax expenses	486	2,880	1,573	1,259	13,063

11. PROFIT FOR THE YEAR/PERIOD

The Target Group's profit for the Relevant Periods is stated after charging the following:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Auditor's remuneration	—	—	—	—	—
Staff costs, including sole director's emoluments					
— Salaries, allowances and other benefits	—	—	—	—	515
— Social insurance	—	—	—	—	—
Total staff costs, including sole director's emoluments	—	—	—	—	515

12. SOLE DIRECTOR'S AND EMPLOYEES' EMOLUMENTS

(a) Sole director's emoluments

Name of director of the Target Company	Date of appointment
Mr. Wu Jianrong	6 December 2022

No emoluments were paid or payable to the sole director of the Target Company in respect of the director's services to the Target Group during the Relevant Periods.

No emoluments were recognised or paid by Target Group to the sole director of Target Company as compensation for loss of office and inducement to join for the Relevant Periods. The sole director of the Target Company had not waived any emoluments during the Relevant Periods.

(b) Employees' remuneration

The Target Group did not have any employees during the year ended 31 December 2022, 2023, 2024 and the nine months ended 30 September 2024. Accordingly, no employee remuneration was recognised or paid.

The five highest paid individuals in the Target Group for the nine months ended 30 September 2025 included none of director whose emoluments are reflected in the analysis presented above. The emoluments of the remaining five individuals for the nine months ended 30 September 2025 are of approximately HK$456,000.

No compensation was recognised or paid by Target Group to the employees for loss of office for the Relevant Periods.

13. DIVIDENDS

The sole director of the Target Group does not recommend the payment of any dividend in respect of the Relevant Periods.

14. EARNING PER SHARE

Earning per share has not been presented as its inclusion is not considered meaningful for the purpose of the Historical Financial Information.

15. INVESTMENT IN SUBSIDIARIES

	At 31 December			At 30 September
	2022	2023	2024	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At cost	400	400	400	400

Particulars of the Target Company's subsidiaries as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 September 2025 are disclosed in Note 1 to the Historical Financial Information.

The amounts due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

16. INVESTMENT IN AN ASSOCIATE

	At 31 December			At 30 September
	2022	2023	2024	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted investments in PRC:				
Share of net assets	4,508	15,796	23,304	27,893

The following table shows information of associate that is material to the Target Group. This associate is accounted for in the consolidated financial statements using the equity method.

Name	Hangzhou Junheng
Principal place of business/country of incorporation	The PRC
Principal activities	Trading of building materials in the PRC

	At 31 December			At 30 September
	2022	2023	2024	2025
% of ownership interests/voting rights held by the Target Group	40%	40%	40%	40%

Assets and liabilities:

	At 31 December			At 30 September
	2022	2023	2024	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets	117,332	76,253	105,784	127,687
Current liabilities	(106,061)	(36,763)	(47,523)	(57,954)
Net assets	11,271	39,490	58,261	69,733
Target Group's share of net assets	4,508	15,796	23,304	27,893

Financial results:

	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	176,663	528,876	461,848	289,823
Profit after tax	11,560	28,660	20,471	9,765
Other comprehensive income	(289)	(441)	(1,700)	1,707
Total comprehensive income	11,271	28,219	18,771	11,472
Dividends received from an associate	—	—	—	—

As at 31 December 2022, 2023, 2024 and 30 September 2025, the cash and cash equivalents that were held by the PRC entity of the associate of approximately HK$7,484,000, HK$26,646,000, HK$36,922,000 and HK$39,431,000, respectively, were subject to the PRC's Foreign Exchange Control Regulations. These local exchange control regulations provided for restrictions on exporting capital from the country other than through normal dividends.

17. CONTRACT ASSETS AND COSTS/CONTRACT LIABILITIES

	At 31 December			At 30 September
	2022	2023	2024	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contract assets				
— Decoration services	—	14,638	30,070	73,432
— Project management services	20,647	98,157	127,312	51,035
	20,647	112,795	157,382	124,467
Contract costs — pre-contract costs	6,715	—	—	—
Contract liabilities				
— Decoration services	—	33,250	56,735	—
— Project management services	56,846	—	—	—
	56,846	33,250	56,735	—

A contract asset represents the Target Group's right to consideration in exchange for products or services that the Target Group has transferred to a customer.

The significant increase in contract assets between 31 December 2022 and 2024 was primarily attributable to the growth in revenue from the provision of project management services during the years.

The decrease in contract assets as at 30 September 2025 was primarily due to the settlement of a significant portion of previously unbilled works with the customer during the period, resulting in the transfer of contract assets to trade receivables upon billing.

The following tables show the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of reporting year/period.

	At 31 December			At 30 September
	2022	2023	2024	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Provision of decoration services				
— Expected to be recognised within one year	—	21,396	222,373	217,335
— Expected to be recognised after one year	—	624,197	381,066	237,157
	—	645,593	603,439	454,492

	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Gross revenue recognised in the year/period that was included in contract liabilities at beginning of year/period	3,095	56,846	6,755	56,735

Significant changes in contract liabilities during the year/period:

	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Increase due to operations in the year/period	98,246	90,927	37,883	36,526
Transfer of contract liabilities to gross revenue	(42,877)	(113,047)	(6,755)	(97,247)

A contract liability represents the Target Group's obligation to transfer services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer.

Pre-contract costs mainly represent decoration costs incurred in unsold residential properties of the property developer, which are capitalised as contract costs because the Target Group expects to recover these costs. Capitalised contract costs are amortised to profit or loss when the related revenue is recognised.

18. PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December			At 30 September
	2022	2023	2024	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments	70	196	746	1,253
Other tax recoverables	1,626	2,092	—	—
Other receivables	6	6	—	—
	1,702	2,294	746	1,253

19. AMOUNT DUE FROM A RELATED COMPANY

Name	At 31 December			At 30 September
	2022	2023	2024	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*

Related companies	Relationship	Name of sole director having beneficial interest				
Zhejiang Zhongnan Holding Group Co., Ltd. * ("浙江中南控股集團有限公司") ("**Zhongnan Holding**")	Related company (ex-intermediate holding company prior to the Reorganisation)	Wu Jianrong	54,921	—	—	—

The balance is unsecured, non-interest bearing and has no fixed repayment terms.

Maximum amounts outstanding during the Relevant Period is as follows:

Name	Year ended 31 December 2022	2023	2024	Nine months ended 30 September 2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Zhongnan Holding	54,921	54,921	—	—

* *The English name is a translation of its Chinese name and included herein for identification purpose only.*

20. AMOUNT DUE FROM THE CONTROLLING SHAREHOLDER

The balance is unsecured, non-interest bearing and has no fixed repayment terms.

21. TRADE PAYABLES

The ageing analysis of the trade payables is as follows:

	At 31 December 2022	2023	2024	At 30 September 2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0–30 days	172	18,051	23,356	57,171

22. OTHER PAYABLES AND ACCRUALS

	At 31 December 2022	2023	2024	At 30 September 2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current				
Other tax payables	25	103	1,539	11,429
Other payables	137	499	894	900
	162	602	2,433	12,329
Non-current				
Loan from a third party *(Note)*	—	14,519	14,703	15,647
	162	15,121	17,136	27,976

Note: On 30 November 2023, Zhejiang Hengji entered into a loan agreement with the principal amount of RMB15,000,000 (equivalent to approximately HK$16,763,000) with an independent third party. The loan is unsecured, non-interest bearing and repayable after three years from the inception date. The loan was initially measured at its fair value using the effective interest method with an effective interest rate of 4.75%, resulting in a gain of approximately HK$2,178,000 recognised in other gain for the year ended 31 December 2023. The loan is classified as a non-current liability.

23. AMOUNT DUE TO A RELATED COMPANY

At the end of each reporting period, the balances were due to Zhejiang Zhongnan Construction Group Limited* (浙江中南建設集團有限公司) ("**Zhongnan Construction**"), a company ultimately controlled by the Controlling Shareholder.

As at 31 December 2022, 2023, 2024 and 30 September 2025, balances amounted to approximately HK$9,761,000, HK$68,166,000, HK$63,205,000 and HK$22,454,000, respectively, and were trade-related balances and aged within 30 days as of the respective end of the reporting period.

The remaining balances were non-trade, unsecured, non-interest bearing and has no fixed repayment terms.

* *The English name is a translation of its Chinese name and included herein for identification purpose only.*

24. PAID-IN CAPITAL/SHARE CAPITAL

Target Group

	Amount *HK$'000*
Paid-in capital/share capital:	
At 1 January 2022	11,220
Issue of shares	390
At 31 December 2022 and 1 January 2023	11,610
Effect of the Reorganisation *(Note 2)*	(11,220)
At 31 December 2023, 31 December 2024 and 30 September 2025	390

Target Company

	Number of shares *'000*	**Ordinary shares per value of USD1 each** *HK$'000*
Share capital:		
At 1 January 2022	—	—
Issue of shares	50	390
At 31 December 2022, 31 December 2023, 31 December 2024 and 30 September 2025	50	390

25. CASH FLOW INFORMATION

(a) The following table shows the Target Group's changes in liabilities arising from financing activities during the Reporting Periods:

	Loan from a third party *HK$'000*	**Non-trade balances with a related company** *HK$'000*	**Total** *HK$'000*
At 1 January 2022	—	20,197	20,197
Net cash inflows	—	(5,925)	(5,925)
Exchange difference	—	(888)	(888)
At 31 December 2022 and 1 January 2023	—	13,384	13,384
Net cash inflows	16,763	(1,626)	15,137
Gain on initial recognition of loan payable *(Note 8)*	(2,178)	—	(2,178)
Exchange difference	(66)	(363)	(429)
At 31 December 2023 and 1 January 2024	14,519	11,395	25,914
Net cash outflows	—	(5,621)	(5,621)
Unwinding of discount	680	—	680
Exchange difference	(496)	(273)	(769)
At 31 December 2024 and 1 January 2025	14,703	5,501	20,204
Net cash inflows	—	22,705	22,705
Unwinding of discount	533	—	533
Non-cash settlement *(note (b))*	—	(28,721)	(28,721)
Exchange difference	411	515	926
At 30 September 2025	15,647	—	15,647

(b) Major non-cash transaction

(i) On 30 June 2025, the Target Group, Zhongnan Construction, and Related Company A entered into a tripartite debt set-off agreement. Pursuant to the agreement, the debt of approximately RMB13,093,000 (equivalent to approximately HK$14,485,000) owed by the Target Group to Zhongnan Construction was settled by setting it off against trade receivables of the same amount due from Related Company A.

On 30 September 2025, the Target Group, Zhongnan Construction, and Related Company A entered into second tripartite debt set-off agreement. Pursuant to the agreement, the debt of approximately RMB25,623,000 (equivalent to approximately HK$28,318,000) owed by the Target Group to Zhongnan Construction was settled by setting it off against trade receivables of the same amount due from Related Company A.

(ii) On 30 June 2025, the Target Group, Zhongnan Construction, and Related Company B entered into a tripartite debt set-off agreement. Pursuant to the agreement, the debt of approximately RMB72,198,000 (equivalent to approximately HK$79,873,000) owed by the Target Group to Zhongnan Construction was settled by setting it off against trade receivables of the same amount due from Related Company B.

26. CONTINGENT LIABILITIES

As at 31 December 2022, 2023, 2024 and 30 September 2025, the Target Group did not have any significant contingent liabilities or material litigation.

27. RELATED PARTY TRANSACTIONS

Other than those transactions and balances disclosed elsewhere in the Historical Financial Information, the Target Group did not have significant transactions and balances with related parties during the Relevant Periods.

(a) Significant related parties transactions

The Target Group had the following transactions with its related parties in the ordinary course of business during the Relevant Periods.

	Year ended 31 December			Nine months ended 30 September	
	2022	**2023**	**2024**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Related companies:					
Decoration service income	—	18,229	21,082	11,259	163,865
Project management service income	1,634	8,417	2,317	2,381	—
Management fees expenses	(939)	(1,006)	(1,096)	(824)	(821)

The Controlling Shareholder has control over all the related companies.

(b) Outstanding balances with related parties

	At 31 December			At 30 September
	2022	**2023**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Related companies:				
Contract assets	20,647	112,795	157,382	124,467

The Controlling Shareholder has control over all the related companies.

28. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group in respect of any period subsequent to 10 March 2026.

Set out below is the management discussion and analysis of the Target Group for each of the three years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025. The following financial information is based on the financial information of the Target Company as set out in Appendix II to this circular.

BUSINESS REVIEW

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability. Ivory Asia Limited, Quartz Asia Limited, Zhejiang Hengji Commercial Management Co., Ltd. and Aquamarine Asia Limited are all dormant companies and do not have any operations. The Target Company is indirectly interested in 40% equity interest of the Joint Venture, which represented the principal investment of the Target Company, while Hangzhou Zhongji is the major operating subsidiary of the Target Group.

The Target Group, through the operations of Hangzhou Zhongji, is principally engaged in the provision of renovation services in the PRC.

FINANCIAL REVIEW

(a) Financial performance

The Target Group operates in one segment, being the provision of renovation services for its customers. The Target Group acted as the principal subcontractor overseeing and managing renovation projects for two residential complexes, which were completed during the year ended 31 December 2023 and 2024. The Target Group then acted as the subcontractor to provide renovation services for one residential complex, which commenced during the nine months ended 30 September 2025.

The revenue of the Target Group increased from approximately HK$1.6 million for the year ended 31 December 2022 to approximately HK$26.6 million for the year ended 31 December 2023, where gross profit of the Target Group increased from approximately HK$1.6 million for the year ended 31 December 2022 to approximately HK$11.5 million for the year ended 31 December 2023, as the renovation projects of the Target Group only commenced in late 2022.

As the renovation projects were completed during the year ended 31 December 2024, the revenue and gross profit of the Target Group decreased to approximately HK$23.4 million and HK$6.2 million respectively. Accordingly, the gross profit margin of the Target Group decreased from approximately 43.0% for the year ended 31 December 2023 to approximately 26.6% for the year ended 31 December 2024.

As the Target Group acted as the subcontractor of a renovation project to provide renovation services which commenced during the nine months ended 30 September 2025, the revenue and gross profit of the Target Group increased significantly to approximately HK$163.9 million and HK$53.7 million respectively as compared to the corresponding period in 2024. As the Target Group offers more renovation services directly to the customers, more contract revenue and costs were recognised as revenue and costs with their gross amount in the

financial statements of the Target Group for the nine months ended 30 September 2025, as compared to recognizing the net amount of the project management service fee income as an agent under the relevant accounting standard. Accordingly, the gross profit margin decreased to approximately 32.8% for the nine months ended 30 September 2025 as compared to approximately 58.2% for the corresponding period in 2024.

For the three years ended 31 December 2022, 2023 and 2024 and nine months ended 30 September 2025, the profit before tax of the Target Group was approximately HK$5.6 million, HK$24.2 million and HK$12.7 million and HK$54.8 million, respectively. The profit before tax is in line with (i) the revenue generated by the Target Group; and (ii) the share of results of associate of the Joint Venture during the corresponding year/period.

(b) Liquidity and financial resources

As at 31 December 2022, 31 December 2023 and 31 December 2024, the net assets of the Target Group was approximately HK$16.0 million, HK$25.6 million and HK$35.7 million, respectively. The Target Group had bank balance and cash of approximately HK$7.9 million, HK$43.7 million and HK$24.6 million as at 31 December 2022, 31 December 2023 and 31 December 2024 respectively.

As at 30 September 2025, the net assets of the Target Group amounted to HK$78.9 million, representing an increase of HK$43.2 million as compared with HK$35.7 million as at 31 December 2024, mainly due to (i) the increase in the cash and bank balance of approximately HK$23.7 million; and (ii) the increase in the investment in an associate of approximately HK$4.6 million.

As at 31 December 2022, 31 December 2023, 31 December 2024 and 30 September 2025, the Target Group had no bank borrowing.

As at 30 September 2025, the Target Group had an interest-free borrowing from an independent third party of HK$15.6 million, which is denominated in RMB with a maturity date of 29 November 2026.

The Target Group did not have any interest-bearing debts during the three years ended 31 December 2022, 2023 and 2024 and nine months ended 30 September 2025.

(c) Foreign Currency Management

The Target Group principally conducts business operation in the PRC which exposes the Target Group to foreign exchange risk, primarily with respect to RMB and HK$ denominated transactions.

The Target Company currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Target Company will monitor its foreign currency exposure closely and will consider hedging foreign currency exposure if necessary.

(d) Gearing ratio

Since the amount of bank balances and cash exceeded the amount of borrowings from an independent third party, the Target Group was at net cash position as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 September 2025. Therefore, the gearing ratio was not applicable as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 September 2025.

(e) Contingent liabilities

The Target Group did not have any contingent liabilities as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 September 2025.

(f) Financial risk management

For the three years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025, the Target Group was mainly exposed to credit, liquidity and interest rate risks arising in the normal course of business.

As the operations of the Target Group were principally based in PRC for the three years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025, its principal assets (including cash and cash equivalents) and liabilities as well as its business transactions were predominantly conducted in RMB. Therefore, the Target Group considered that it did not have any material exposure to fluctuations in exchange rate and no hedging measures were taken.

(g) Funding and treasury policy

The Target Group has adopted a prudent financial management approach towards it treasury policy. The Target Group closely monitored its liquidity position to ensure that the liquidity structure of its assets, liabilities, and other commitments can meet its funding requirements.

(h) Charge of assets

As at 31 December 2022, 31 December 2023, 31 December 2024 and 30 September 2025, there was no charge of assets of the Target Group.

(i) Employee and remuneration policies

As at the Latest Practicable Date, the Target Group had 18 employees based in the PRC. For the year ended 31 December 2022, 2023 and 2024 and nine months ended 30 September 2025, the Target Group's staff costs primarily consisted of management fee recharged from its ultimate holding company of approximately HK$0.9 million, HK$1.0 million, HK$1.1 million and HK$0.8 million, respectively.

In order to attract expertise and make good use of human resources to foster smooth business operation, the Target Group has been offering competitive remuneration packages by taking account of market conditions, individual qualifications, experience and performance. The Target Group had implemented various programs for staff training and development.

The Target Group did not adopt any share option scheme.

(j) Significant investments and material acquisition and disposals

Save for the investment in the Joint Venture, the Target Group did not have any significant investments with a value over 5% of the total assets as at 31 December 2022, 2023 and 2024 and 30 September 2025.

The Target Group did not have any material acquisitions and disposals of subsidiaries and associates for the year ended 31 December 2022, 2023 and 2024 and nine months ended 30 September 2025.

(k) Future plans and prospects

As at the Latest Practicable Date, the Target Company did not plan to launch new business or make material investments or capital assets.

INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma financial information presented below is prepared to illustrate the financial position of Enviro Energy International Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") as if the proposed acquisition by the Group of 60% issued share capital of Sapphire Asia Limited (the "**Target Company**", together with its subsidiaries collectively referred to as the "**Target Group**") (hereinafter referred to as the "**Acquisition**") had been completed (the "**Enlarged Group**") on 30 June 2025.

The unaudited pro forma financial information of the Enlarged Group has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and is solely for the purpose of illustrating the financial position of the Enlarged Group as if the Acquisition had taken place on 30 June 2025.

The unaudited pro forma financial information of the Enlarged Group is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2025 as extracted from the published interim report of the Company for the six months ended 30 June 2025 after giving effect to the pro forma adjustments described in the accompanying notes. The narrative descriptions of the pro forma adjustments of the Acquisition that are (i) directly attributable to the Acquisition; and (ii) factually supportable, is summarised in the accompanying notes.

The unaudited pro forma financial information of the Enlarged Group has been prepared by the directors of the Company based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the unaudited pro forma financial information of the Enlarged Group may not give a true picture of the financial position of the Enlarged Group would have been upon the completion of the Acquisition as at 30 June 2025 and on any future dates, as appropriate.

The unaudited pro forma financial information of the Enlarged Group should be read in conjunction with the financial information of the Group as set out in Appendix I to this circular, the accountants' report of Target Group as set out in Appendix II to this circular and other financial information included elsewhere in this circular.

Unless otherwise indicated, capitalised terms used in this unaudited pro forma financial information shall have the same meanings as those defined in this circular.

Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group

	The Group as at 30 June 2025	The Target Group as at 30 September 2025	Pro forma adjustments				Unaudited pro forma consolidated statement of financial position of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4(a)*	*Note 4(b)*	*Note 5*	
Non-current assets							
Right-of-use assets	530	—					530
Interest in an associate	—	27,893			(27,893)		—
Investment in a subsidiary	—	—	68,000	(43,959)	(24,041)		—
Goodwill	—	—		13,357			13,357
Deposits	120	—					120
Total non-current assets	650	27,893	68,000	(30,602)	(51,934)	—	14,007
Current assets							
Inventories	18,333	—					18,333
Contract assets and costs	—	124,467					124,467
Trade and bills receivables	95,535	—					95,535
Amount due from the Controlling Shareholder	—	390					390
Deposits, prepayments and other receivables	2,280	1,253					3,533
Bank and cash balances	32,749	48,314				(2,260)	78,803
Total current assets	148,897	174,424	—	—	—	(2,260)	321,061
Current liabilities							
Trade and other payables	77,041	69,500					146,541
Contract liabilities	9,713	—					9,713
Lease liabilities	250	—					250
Amount due to a director	6,412	—					6,412
Amount due to a related company	—	22,454					22,454
Shareholders' loans	3,600	—					3,600
Loans from fellow subsidiaries	2,851	—					2,851
Loans from related parties	549	—					549
Income tax payable	2,260	15,820					18,080
Total current liabilities	102,676	107,774	—	—	—	—	210,450
Net current assets	46,221	66,650	—	—	—	(2,260)	110,611
Total assets less current liabilities	46,871	94,543	68,000	(30,602)	(51,934)	(2,260)	124,618
Non-current liabilities							
Other borrowings	4,662	—					4,662
Lease liabilities	280	—					280
Other payables	—	15,647					15,647
Total non-current liabilities	4,942	15,647	—	—	—	—	20,589
Net assets	41,929	78,896	68,000	(30,602)	(51,934)	(2,260)	104,029
Capital and reserves							
Equity attributable to the owners of the Company							
Share capital	71,969	390	68,000	(390)			139,969
Reserves	(57,113)	78,506	—	(50,613)	(35,690)	(2,260)	(67,170)
	14,856	78,896	68,000	(51,003)	(35,690)	(2,260)	72,799
Non-controlling interests	27,073	—	—	20,401	(16,244)	—	31,230
Total equity	41,929	78,896	68,000	(30,602)	(51,934)	(2,260)	104,029

Notes to the Unaudited Pro Forma Financial Information

1. The unaudited condensed consolidated statement of financial position of the Group as at 30 June 2025 was extracted from the published interim report of the Company for the six months ended 30 June 2025.

2. The amounts have been extracted from the audited consolidated statements of financial position of Target Group as at 30 September 2025 in Appendix II to this circular.

3. The pro forma adjustment represents the recognition of the investment cost in the Target Company.

   Pursuant to the Sale and Purchase Agreement, the Company conditionally agreed to acquire and the Vendors (entities that ultimately controlled by the controlling shareholder of the Company) have conditionally agreed to sell the 60% issued share capital of Target Company at the total consideration of HK$68 million, which will be satisfied by the allotment and issue of 1,360,000,000 Consideration Shares at the issue price of HK$0.05 per Share by the Company.

   The fair values of Consideration Shares, which amount to approximately HK$68,000,000, to be issued upon completion of the Acquisition, are estimated by reference to the closing share price of the Company on 30 September 2025 of HK$0.05 per share.

4. The pro forma adjustment represents the inclusion of identifiable assets and liabilities of Target Group to be acquired by the Group, assuming the Acquisition was completed on 30 June 2025. Given the fact the Group and the Target Group are ultimately controlled by the same controlling shareholder, the Acquisition would be regarded as business combination involving entities under common control and fall out the scope of the Hong Kong Financial Reporting Standard 3 (Revised) ''Business Combinations'' (''**HKFRS 3**''). In accordance with the requirements set out in HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the Group should select an appropriate accounting policy to apply to the issue, and therefore has adopted the acquisition method of accounting in accordance with HKFRS 3. As a result and upon the completion of the Acquisition, the identifiable assets and liabilities of Target Group will be accounted for in the Group's consolidated financial statements at fair value.

   For the purpose of preparing the unaudited pro forma consolidated statement of financial position of the Enlarged Group, the directors of the Company (the ''**Directors**'') assumed that the fair values of the identifiable assets and liabilities of the Target Group as at 30 June 2025 are equal to their book values of approximately HK$78,896,000 as at 30 September 2025. The Directors consider that the Target Group comprises two components, namely the Target Group's decoration services business (''**Decoration Business**'') with the estimated fair value of the net identifiable assets of approximately HK$51,003,000 (representing the Target Group's net assets value excluded the interest in an associate), and the Target Group's interest in an associate (the ''**Associate**''), which is currently a non-wholly owned subsidiary of the Group, with the estimated fair value of approximately HK$27,893,000.

   Accordingly, the Directors separate the components and allocate the fair value of the Consideration Shares to the relative fair values of the Target Group's identifiable assets and liabilities. As a result, the excess of the fair value of the Consideration Shares over the fair value of the Target Group's identifiable assets and liabilities is recognised as goodwill.

(a) The following table illustrates the allocation of the fair value of the Consideration Shares to the relative fair value of the Target Group's identifiable net assets of the Decoration Business:

	HK$'000
Estimated fair value of net identifiable assets acquired	51,003
Non-controlling interest (at proportionate share of 40% equity interest) *(Note 1)*	(20,401)
Goodwill arising from the acquisition of the Decoration Business *(Note 2)*	13,357
	43,959
Fair value of the Consideration Shares transferred *(Note 3)*	43,959

Notes:

1. The amount is calculated based on 40% of the estimated fair value of the net identifiable assets acquired.

2. The amount represents the residual amount.

3. The amount is calculated pro rata, based on the estimated fair value of the net identifiable assets acquired (HK$51,003,000) as a percentage of the Target Group's total net assets (HK$78,896,000), applied to the fair value of the Consideration Shares (HK$68,000,000).

Since the fair value of the identifiable assets and liabilities of Target Group at the date of completion of the Acquisition may be substantially different from the fair values used in the preparation of this unaudited pro forma financial information of the Enlarged Group, the final amounts of the identified net assets and goodwill may be different from the amounts presented above.

For the unaudited pro forma financial information of the Enlarged Group as of 30 June 2025, the Directors has conducted an impairment assessment in accordance with Hong Kong Accounting Standard 36 Impairment of Assets ("**HKAS 36**"). This assessment evaluates whether the carrying amount of goodwill plus the Target Group's net identifiable assets exceed the recoverable amount of its underlying business. The Directors are of the view that, after performing the impairment assessment, there are no indications of impairment related to the goodwill arising from the Acquisition.

The Group will perform discounted cash flow valuations upon completion of the Acquisition based on HKFRS 3 and at subsequent reporting dates based on HKAS 36 for goodwill impairment testing.

(b) The Target Group holds a 40% equity interest in the Associate, which is an existing subsidiary of the Group. Upon completion of the Acquisition, the Group will indirectly acquire this 40% equity interest through its shareholding in the Target Group, which, in turn, will effectively acquire an additional 24% non-controlling interest in the existing subsidiary. In accordance with HKFRS 10 Consolidated Financial Statements, this acquisition of non-controlling interest in an existing subsidiary is accounted for as an equity transaction.

The following table illustrates the equity transaction with non-controlling interests:

	HK$'000
Carrying amount of non-controlling interests acquired *(Note 1)*	16,244
Fair value of the Consideration Shares transferred	(24,041)
Decrease in equity from the acquisition of non-controlling interests	(7,797)

Note:

1. For the purpose of preparing the unaudited pro forma consolidated statement of financial position of the Enlarged Group, the carrying amount of non-controlling interests acquired is calculated based on the carrying amount of the non-controlling interests of the Group as at 30 June 2025. The actual outcome would have been calculated based on the carrying amount of the non-controlling interests of the Group as at the completion date of the Acquisition.

The difference between the consideration attributable to this equity interest of approximately HK$24,041,000 and the carrying amount of the non–controlling interest of approximately HK$16,244,000, amounting to approximately HK$7,797,000, has been recognised as an adjustment to reserves attributable to owners of the Company. No goodwill arises from this component of the Acquisition.

Accordingly, the carrying amount of the Associate held by the Target Group will be eliminated upon completion of the Acquisition.

5. The adjustment represents the estimated professional fees and transaction costs of approximately HK$2,260,000 payable by the Group that are directly attributable to the Acquisition.

6. Save as aforesaid, no other adjustment has been made to reflect any trading results or other transactions entered into by the Group subsequent to 30 June 2025 or the Target Group subsequent to 30 September 2025.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report, in respect of the unaudited pro forma financial information prepared for the purpose of inclusion in this circular, received from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.

To the Directors of Enviro Energy International Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Enviro Energy International Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2025 and related notes as set out on pages IV-1 to IV-5 of the circular issued by the Company dated 10 March 2026 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IV-1 to IV-5 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group's financial position as at 30 June 2025 as if the Acquisition had taken place at 30 June 2025. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2025, on which no review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(b) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Hong Kong

10 March 2026

The following is the text of a letter, summary of valuations and valuation report prepared for the purpose of incorporation in this circular received from PSA (HK) Surveyors Limited, an independent valuer, in connection with its opinion of values of the issued share capital agreed to be acquired by the Company as at 30 June 2025.

PSA (HK) Surveyors Limited
國眾聯(香港)測量師行有限公司

国众联集团 GUOZHONGLIAN GROUP

Our Reference No.: V25072/HCH/EDU

10 March 2026

Board of Directors
Enviro Energy International Holdings Limited
Room 2201B, 22/F
Harbour Centre
25 Harbour Road
Wanchai, Hong Kong

Dear Sirs,

Re: Valuation of 100% Equity Interest of Sapphire Asia Limited

We are instructed by Enviro Energy International Holdings Limited (referred to as "**Instructing Party**") to conduct valuation of the 100% equity interest in Sapphire Asia Limited (here in referred to as "**Target Company**", collectively with its subsidiaries, the "**Target Group**"), among which the main subsidiary is Hangzhou Zhongji Architectural Decoration Engineering Limited (here in referred to as "**Hangzhou Zhongji**") and its long-term investment — Hangzhou Jun Heng Building Material Limited (here in referred to as "**Jun Heng**").

We confirm that we have made relevant investigation, enquiries and obtained such further information as we consider necessary for the purpose of providing our opinion of market value of the 100% equity interests of the Target Company as at 30 June 2025 (the "**Valuation Date**").

1. VALUATION PRINCIPLE

Our valuation is prepared in accordance with HKIS Valuation Standards 2024 Edition published by the Hong Kong Institute of Surveyors and is complied with International Valuation Standards ("**IVS**").

Our valuation is conducted on market value basis. Market value is defined as "*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*".

Unless otherwise stated, all monetary amounts are stated in Hong Kong Dollars ("**HKD**").

2. DESCRIPTION OF HANGZHOU ZHONGJI AND JUN HENG

2.1 Overview of Hangzhou Zhongji

Hangzhou Zhongji is a limited company registered in Hangzhou, China and established in 2020. The Company engages in various construction and decoration projects mainly for developers in Eastern China area. The registered company address is Flat 9, Floor 4, Block 4 of Silver River Innovation Centre, No. 9 Fuxian Road, Fuyang District, Hangzhou City. The operation scope as per the business registration certificate is: construction engineering construction; construction engineering design (for projects that require approval, business activities can only be conducted after approval from relevant departments, and the specific business projects shall be subject to the approval results). General projects include: engineering management services; sales of building materials; sales of special equipment; wholesale of hardware products; sales of electrical accessories; sales of building metal fittings; wholesale of electronic components; sales of communication equipment; sales of building waterproofing materials; sales of building blocks; sales of power facility equipment; sales of anti-corrosion materials; sales of electrical equipment; sales of insulation materials; sales of building decoration materials; sales of refrigeration and air conditioning equipment; technical services, technical development, technical consulting, technical exchanges, technology transfer, technology promotion (except for projects that require approval, business activities can be independently conducted based on the business license in accordance with the law) (The registered scope of business approved by the company's registration authority shall prevail).

2.2 Financial Information of Hangzhou Zhongji

The Balance Sheet (brief version) of Hangzhou Zhongji on 30/06/2025 is summarized below:

Currency: RMB'000

Item	**30/06/2025**
Current Asset	101,281
Non-Current Asset	24,486
Long Term Investment	24,486
Total Asset	**125,767**
Current Liability	61,214
Non-Current Liability	0
Total Liability	**61,214**
Net Asset	**64,553**

The Income Statement (brief version) of Hangzhou Zhongji on 30/06/2025 is summarized below*:

Currency: RMB'000

Item	**30/06/2025**
Revenue	57,607
Cost of Services	(37,342)
Other Income & Gains	—
Administrative Expense	(839)
Finance Income	84
Share of Result of Associate	2,817
EBIT	22,328
Taxation	**(5,003)**
Net Income	17,326

* *The Income statement is stated as company level*

2.3 Shareholder Information of Hangzhou Zhongji

According to the crosscheck of the website of Market Supervision Administration and the article of the association, the shareholder information of Hangzhou Zhongji is summarized below:

No	Shareholder Name	Shareholding Ratio
1	Zhejiang Hengji Commercial Management Co., Ltd	95.45%
2	Aquamarine Asia Limited	4.55%
	Total	100.00%

2.4 Long-Term Investment of Hangzhou Zhongji

According to balance sheet, trial balance and website research from Market Supervision Administration, the long-term investment of Hangzhou Zhongji is the 40% ordinary shares of Jun Heng.

Long-Term Investment of Hangzhou Zhongji:

No	Long-Term Investment Entity	Shareholding Ratio
1	Jun Heng	40%

Jun Heng is the major investment of Hangzhou Zhongji which continuously benefits Hangzhou Zhongji. The company, financial and industrial information of Jun Heng is ought to be analyzed separately in terms of the valuation result of Hangzhou Zhongji's equity value.

Information of Jun Heng

Jun Heng is a limited company (a joint venture between foreign investors and domestic investors) incorporated on 20 October 2022, with registered capital of RMB5 million and no paid-in capital. The corresponding address is: Room 311, Block 2, No. 1078 Jiang Nan Main Street, Chang He Subdistrict, Bin Jiang District, Hangzhou City, Zhejiang Province. The business scope is: sales of construction material, sales of metal material and coating material etc.

Financial Information of Jun Heng

The Balance Sheet (brief version) of Jun Heng on 30/06/2025 is summarized below:

Currency: RMB'000

Item	**30/06/2025**
Current Asset	132,615
Non-Current Asset	—
Long Term Investment	—
Total Asset	**132,615**
Current Liability	71,400
Non-Current Liability	—
Total Liability	**—**
Net Asset	**61,215**

The Income Statement (brief version) of Jun Heng on 30/06/2025 is summarized below*:

Currency: RMB'000

Item	**30/06/2025**
Revenue	191,334
Cost of Goods Sold	(181,469)
Selling & distribution costs	(21)
Administrative Expense	(596)
Finance Income	144
EBIT	9,392
Taxation	**(2,348)**
Net Income	7,044

* *The Income statement is stated as company level*

Shareholder's Information of Jun Heng

The shareholder's information of Jun Heng is as follows:

No	Shareholder Name	Shareholding Ratio
1	Shenzhen Jun Heng Trading Company Limited	60.00%
2	Hangzhou Zhongji	40.00%
	Total	100.00%

Long-term Investment of Jun Heng

Jun Heng does not have any long-term Investment.

3. INDUSTRY OVERVIEW OF HANGZHOU ZHONGJU AND JUN HENG

3.1 Industry Overview of Hangzhou Zhongji

Hangzhou Zhongji generates its revenue mainly on providing construction and decoration services for new-build residential and commercial buildings. The financial performance highly relies on the construction or civil engineering industry. So we analyze the China construction industry.

Resilience Amidst Diverging Sector Trends

In 2024, China's construction industry demonstrated resilience despite persistent headwinds, with the total output value reaching RMB34.1 trillion, achieving a moderated year-on-year growth of 5.2% (down 1.3 percentage points from 2023). The sector's value added rose to RMB9.2 trillion, contributing 0.5 percentage points to GDP growth and maintaining its 6.8% share of national GDP-underscoring its enduring role as an economic pillar. However, real estate development investment contracted further by 8.3% to RMB12.2 trillion, reflecting ongoing deleveraging pressures. Diverging trends emerged across sectors: infrastructure investment surged 11.6% (boosted by government stimulus), manufacturing investment grew 8.9% (driven by greenfield projects), while the property downturn dragged overall performance.

Signs of Stabilization in Real Estate Sector

The real estate sector, while still in adjustment, showed tentative signs of stabilization in 2024. Commercial housing sales totaled RMB13.5 trillion, a decline of 5.2% year-on-year (improved from -8.7% in 2023), with Tier-1 cities seeing sales growth of 3.1%. New housing starts fell by 12.3% to 1.82 billion square meters, reflecting continued developer caution, while completions rose 8.4% as the "guaranteed delivery" policy prioritized existing projects. Notably, the sector's contribution to GDP moderated to 5.9% (down from 6.3% in 2023), as policymakers deliberately reduced economic reliance on property. The silver lining emerged in the

rental housing sector, where investment surged 25% to RMB890 billion, fueled by government incentives and REITs expansions. With the 70-city new home price index declining just 1.2% year-to-date (versus -2.3% in 2023), the market appears to be finding a new equilibrium through structural reforms rather than stimulus.

Rising Concentration Within the Construction Sector

In 2024, the total value of newly signed contracts for China's central state-owned construction enterprises reached RMB16.43 trillion, a year-on-year growth of 4.5%. The proportion of newly signed contracts in the industry accounted for around 45% of the national construction industry's total, with the top 3 SOEs (CSCEC, CRCC, CREC) alone representing 30% of the industry-wide contract value. This concentration is projected to rise to 48–50% in 2025. In 2024, the new contract value of the top 10 provincial construction enterprises nationwide exceeded RMB8.5 trillion, representing about 22–25% of the nation total. This reflects a 5–7% year-on-year growth from 2023, outpacing the industry average due to regional infrastructure pushes.

3.2 Industry Overview of Junheng

Junheng is in Construction and Decoration Industry, but it earns the money on trade of the construction and decoration material instead of relying on a number of detailed decoration projects. Hence we analyze the construction and decoration Industry.

Growth in the Construction and Decoration Industry

In recent years, China's national economy has maintained high-speed growth. According to the National Bureau of Statistics, from 2010 to 2024, China's Gross Domestic Product (GDP) increased from RMB41.21 trillion to RMB134.91 trillion, with a compound annual growth rate (CAGR) of 8.84%. With the improvement of the national economy and the living standards of the people, the demand for interior and exterior design and decoration of residential buildings in China has been expanding, leading to a gradual increase in the market size of the construction and decoration industry.

From 2012 to 2019, the market size of China's construction and decoration (including design) industry (measured by revenue) increased from RMB1.52 trillion to RMB4.49 trillion, with a CAGR of 16.73%. From 2020 to 2024, growth slowed to 5.2% CAGR due to ''Three Red Lines'' policy curbing developer leverage as well as COVID-19 disruptions. According to 2025 Deloitte Engineering Outlook, the market size of the construction and decoration industry will reach RMB30 trillion to RMB40 trillion by the end of 2025, a year-on-year growth of 5–6%.

Sustainable Demand in the Construction and Decoration Industry

Unlike the one-time completion of engineering projects in civil construction and equipment installation industries, the decoration and renovation of buildings require multiple maintenance and optimization throughout their lifecycle. With the trend of consumption upgrading in China, the demand for continuous maintenance and upgrading of building decoration is increasing. Therefore, the development of the construction and decoration industry has multiplier effects and sustainable market demand.

According to the ''China Construction Yearbook'', the total output value of China's construction and decoration industry was RMB3.40 trillion in 2015. By 2020, the total output value reached RMB4.88 trillion, with a compound annual growth rate of 7.49% from 2015 to 2020. As of 2024, the industry has continued to grow sustainably, with an estimated output value of approximately RMB5.6 trillion, with a CAGR of 5.2% between 2020 to 2024.

Gradual Replacement of Imported Building Decoration Materials

In recent years, China's construction industry has accelerated its transformation and upgrading, driving the rapid development of domestic building decoration material enterprises. With domestic companies increasing their research and development efforts, new technologies, models, and products, including prefabricated buildings and new construction materials, have emerged.

According to the China Building Materials Federation, from 2016 to 2021, China's exports of building materials and non-metallic mineral commodities increased from RMB31.05 billion to RMB46.89 billion, showing an accelerating growth trend. According to CRU Group 2025 Outlook, China's exports of building materials and non-metallic mineral commodities are expected to read RMB85 billion to RMB90 billion in 2025, reflecting a 4–6% year-on-year growth from 2024. This growth is driven by global infrastructure demand and China's dominance in key material categories.

4. INFORMATION OF OTHER ENTITIES UNDER THE TARGET GROUP

4.1 Sapphire Asia Limited

Sapphire Asia Limited is an investment holding company registered in the British Virgin Islands (BVI), primarily focused on the construction and building materials sector in China. It holds 100% shareholding interest of Ivory Asia Limited and 100% shareholding interest of Quartz Asia Limited which are also an investment holding company. In 2025, 60% of the Target Company's shares were acquired by Enviro Energy International Holdings Limited (HKEX: 01102) for HK$68 million, integrating its materials supply and decoration services to enhance market competitiveness in China's urban development sector. The Target Company holds total assets of approximately HK$790,000, primarily consisting of approximately HK$400,000 of investment in subsidiaries with approximately HK$390,000 investment in Quartz Asia Limited and HK$10,000 investment in Ivory Asia Limited; and HK$390,000 in other receivables & deposits.

4.2 Ivory Asia Limited

Ivory Asia Limited is an investment holding company with no significant independent operations. It holds 100% shares of Zhejiang Hengji Commercial Management Co. Ltd., which is also an investment holding company.

4.3 Quartz Asia Limited

Quartz Asia Limited is an investment holding company with no significant independent operations. It holds 100% shares of Aquamarine Asia Limited which is also an investment holding company.

4.4 Aquamarine Asia Limited

Aquamarine Asia Limited is an investment holding company with no significant independent operations. It is directly holding 4.55% of Hangzhou Zhongji. Aquamarine Asia Limited holds total asset of approximately HK$779,000 with approximately HK$769,000 investment in subsidiaries and approximately HK$10,000 of amounts due from intra-group company.

4.5 Zhejiang Hengji Commercial Management Co. Ltd.

Zhejiang Hengji Commercial Management Co. Ltd. is an investment holding company with no significant independent operations. It is directly holding 95.45% of Hangzhou Zhongji which specialises in building decoration engineering, including design, construction, and project management for commercial spaces (e.g., offices, hotels, retail), public facilities, and high-end residential projects. Zhejiang Hengji Commercial Management Co. Ltd. holds total asset of approximately HK$16.7 million with approximately HK$16.6 million investment in subsidiaries and HK$3.4 million of cash and cash equivalents, offset a HK$3.3 million amount due from intra-group company.

5. VALUATION APPROACH

5.1 Choice of Valuation Approach

There are three generally accepted valuation approaches for the valuation.

Asset-based Approach (or Cost Approach)

Asset-based approach (or known as cost approach) is an asset-based rather than a market-oriented method. It requires valuing the assets on an individual basis to add up to the total valuations of assets. Under this approach, the expenses or costs on replacing or re-acquiring individual items or parts are estimated by valuers on an itemized basis.

However, the asset-based approach is not suitable in many circumstances especially for valuation of a company's business value, as it takes no consideration of the company's future business operation and development plan.

Market Approach

Market approach is the most straightforward valuation method in determining market value of assets. Under this approach, valuers seek to identify the transaction cases having been executed and qualified as a reference for value comparison. It is normally difficult to apply the approach to small non-listed companies, as there are insufficient comparable for reference and the public and reliable financial information is unavailable for valuers.

Income Approach

Income approach is an income-oriented valuation method assuming that the investors may invest in alternative business with similar characteristics but not necessarily identical with the subject business.

Under the income approach, company value equals to the present value of the future expected income of its businesses, which involves the principle of capitalization. Generally, capitalization is a process through which the expected incomes are discounted based on the required rate of return (risk factors).

5.2 Selection of Valuation Methodology

After considering all three methods described above and the availability of relevant market information, we made use of the income approach to evaluate Jun Heng's equity interest values, as it has a positive earning, and also a relatively clear and reasonable financial forecast. Utilizing income approach can reflect the real value of Jun Heng in a more sufficient and objective way.

However, we utilize asset-based approach to evaluate the equity value of Hangzhou Zhongji and other entities under the Target Company. We basically keep the book value of all other assets and liabilities except investment in subsidiaries or associates in the six

entities (i.e. Sapphire Asia Limited, Ivory Asia Limited, Quartz Asia Limited, Aquamarine Asia Limited, Zhejiang Hengji Commercial Management Co. Limited and Hangzhou Zhongji) as the appraised value.

The rational is because these companies are either for holding use with no business operation or own very simple and clear assets such as amounts due from intra group cash or inventories, without obvious possibilities for appreciation or deprecation.

The value appreciation of these companies only have two reasons, one is because of the appreciation of Jun Heng (JUN HENG's Factor), and the other is because we use equity method to calculate the investment in subsidiaries or associates, which is higher than the book value of investment (Equity Method Factor). For details of the calculations are shown in paragraph 7.

6. VALUATION OF JUN HENG

6.1 Current Financial Status of the Jun Heng

Financial statements for the year ended 31 December 2024, 2023 and 2022 and the six months ended 30 June 2025 were provided by the client.

6.2 Financial Forecast

Revenue

Jun Heng source of income mainly comes from trading construction and decoration material. Jun Heng sets up 5 divisions focus on construction material, walls and windows, steel material, decoration material and engineering material respectively. The forecast is projected division by division.

Cost

The cost of the Jun Heng mainly reflects the cost of raw material, along with the transportation and holding costs. The forecast is also projected division by division.

Tax & Affiliated Tax

The VAT rate is 13%.

The Affiliated Tax rate is 12% of the VAT.

The Stamp Duty rate is 0.03%.

Profits Tax

The statutory enterprise profit tax rate is 25%.

Discount Rate

As mentioned above, the discounted cash flow method needs to select an appropriate discount rate to discount future cash flow. The discount rate used is based on the cost of debt and the cost of equity capital. The cost of equity is based on the 15-year Hong Kong government bond rate, plus other risk premiums. At the same time, we take into account market risk, company size risk, and specific company risk.

Beta

Sector Name	HS-Construction
Start Date	01/07/2020
End Date	30/06/2025
No. of Securities	34
Underlying Index	HIS.HI
Period	Weekly
Time of Range	5 years
Weighting Method	Median
Weighted Adjusted Beta	0.6141
Unlevered Adjusted Beta	0.5282

* *The above data sources from Wind Terminal and valuer's further calculation*

WACC

WACC Calculation

Risk Free Rate (Rf)	2.97%
Equity Risk Premium (ERP)	6.17%
Beta (Re-levered)	0.5282
Company Specific Risk (Rc)	2.9%
Cost of Equity (Re)	**9.13%**
Cost of Debt (Rd)	3.00%
Tax Rate (t)	25.00%
Debt/Equity	0
WACC	**9.13%**

Major forecast disclosure

The entire equity interest of Jun Heng amounts to RMB297,691,845, being the total future discounted cash flow of Jun Heng in the following table. Accordingly, the value of 40% equity interest of Jun Heng held by Hangzhou Zhongji, after a discount of lack of marketability of 21.2% and discount of lack of control 15.31%, is RMB79,466,719 or HK$87,139,338.

Cash Flow Forecast Table

Currency: RMB

Item	Historical	Forecast						
	2025 H1	2025 H2	2026	2027	2028	2029	2030	Perpetual
Revenue	191,344,199	153,067,359	354,733,605	365,375,613	372,683,125	380,136,788	383,938,156	391,616,919
Cost of Goods Sold	181,469,336	142,250,667	329,665,922	339,555,899	346,347,017	353,273,958	356,806,697	363,942,831
Tax & Affiliated Tax	—	183,681	425,680	438,451	447,220	456,164	460,726	469,940
Sales Expense	21,186	137,761	319,260	328,838	335,415	342,123	345,544	352,455
Admin Expense	596,274	489,816	1,135,148	1,169,202	1,192,586	1,216,438	1,228,602	1,253,174
Finance Cost	(143,983)	(107,147)	(248,314)	(255,763)	(260,878)	(266,096)	(268,757)	(274,132)
EBIT	9,391,386	10,112,581	23,435,909	24,138,986	24,621,765	25,114,201	25,365,343	25,872,650
Profit Tax	2,347,881	2,528,145	5,858,977	6,034,746	6,155,441	6,278,550	6,341,336	6,468,162
Net Profit	7,043,505	7,584,436	17,576,932	18,104,240	18,466,324	18,835,651	19,024,007	19,404,487
D&A	5,165	5,165	10,329	10,329	10,329	10,329	10,329	10,329
Capex	—	62,600	20,658	20,658	20,658	20,658	20,658	20,658
Change in Net working capital	(2,037,027)	(37,282,341)	(29,649,646)	2,419,484	2,432,678	1,612,028	1,552,349	1,552,349
FCFF	9,085,835	44,809,342	47,216,248	15,674,426	16,023,317	17,213,294	17,461,329	17,841,809
DCF		43,811,460	43,264,248	13,161,816	12,328,340	12,137,093	11,281,765	161,677,123

SENSITIVITY ANALYSIS

RMB'000

		Perpetual Growth Rate		
		1.00%	2.00%	3.00%
WACC	7.13%	91,914	102,234	120,037
	8.13%	81,570	89,423	100,339
	9.13%	73,754	79,467	87,043
	10.13%	67,633	71,398	77,449
	11.13%	62,703	66,037	70,191

7. VALUATION OF OTHER ENTITIES UNDER THE TARGET GROUP

We use asset based approach to combine the value of Jun Heng and other six companies together. None of the value of assets and liabilities in other six companies have appreciation nor depreciation except investment in subsidiaries or associates.

Below list out the value appreciation condition of all the seven companies of the Target Group.

Sapphire Asia Limited

Currency: HKD'000

	Book Value (30/06/2025)	Appraised Value (30/06/2025)	Difference
ASSETS			
Non-current assets			
Investment in subsidiaries	400	115,390	114,990
Current assets			
Other receivables and deposits	390	390	—
LIABILITIES			
Amounts due to intra-group	400	400	—
EQUITY	390	115,380	114,990

The asset of Sapphire Asia Limited mainly consisted of its investment in subsidiaries, being 100% shareholding interest in Ivory Asia Limited and Quartz Asia Limited. Based on asset-based approach, the value appreciation of Sapphire Asia Limited is due to the increase in the appraised value of the shareholding interest of Ivory Asia Limited and Quartz Asia Limited as further detailed below.

Quartz Asia Limited

Currency: HKD'000

	Book Value (30/06/2025)	Appraised Value (30/06/2025)	Difference
ASSETS			
Non-current assets			
Investment in a subsidiary	10	5,205	5,195
Current assets			
Other receivables and deposits	380	380	—
LIABILITIES			
Amounts due from intra-group	—	—	—
EQUITY	390	5,585	5,195

The asset of Quartz Asia Limited mainly consisted of its investment in a subsidiary, being 100% shareholding interest in Aquamarine Asia Limited. Based on asset-based approach, the value appreciation of Quartz Asia Limited is due to the increase in the appraised value of the shareholding interest of Aquamarine Asia Limited as further detailed below.

Aquamarine Asia Limited

Currency: HKD'000

	Book Value (30/06/2025)	Appraised Value (30/06/2025)	Difference
ASSETS			
Non-current assets			
Investment in an associate	769	5,964	5,195
Current assets			
Amounts due from intra-group	10	10	—
LIABILITIES			
Other payables	769	769	—
EQUITY	10	5,205	5,195

The asset of Aquamarine Asia Limited mainly consisted of its investment in an associate, being its 4.55% interest in Hangzhou Zhongji. Based on asset-based approach, the value appreciation of Aquamarine Asia Limited is due to the increase in the appraised value of the equity interest of Hangzhou Zhongji as further detailed below.

Ivory Asia Limited

Currency: HKD'000

	Book Value (30/06/2025)	Appraised Value (30/06/2025)	Difference
ASSETS			
Non-current assets			
Investment in a subsidiary	—	109,796	109,796
Current assets			
Other receivables and deposits	10	10	—
LIABILITIES			
Amounts due from intra-group	—	—	—
EQUITY	10	109,806	109,769

The asset of Ivory Asia Limited mainly consisted of its investment in a subsidiary, being its 100% shareholding interest in Zhejiang Hengji Commercial Management Co., Ltd. Based on asset-based approach, the value appreciation of Ivory Asia Limited is due to the increase in appraised value of Zhejiang Hengji Commercial Management Co., Ltd as further detailed below.

Zhejiang Hengji Commercial Management Co. Ltd

Currency: RMB'000

	Book Value (30/06/2025)	Appraised Value (30/06/2025)	Difference
ASSETS			
Non-current assets			
Investment in a subsidiary	15,000	114,095	99,095
Current assets			
Cash and cash equivalents	3,042	3,042	—
LIABILITIES			
Amounts due to intra-group	17,009	17,009	—
EQUITY	1,033	100,128	99,095

The asset of Zhejiang Hengji Commercial Management Co. Ltd mainly consisted of its investment in a subsidiary, being its 95.45% shareholding interest in Hangzhou Zhongji. Based on asset-based approach, the value appreciation of Zhejiang Hengji Commercial Management Co. Ltd is due to the increase in the appraised value of Hangzhou Zhongji as further detailed below.

Hangzhou Zhongji

Currency: RMB'000

	Book Value (30/06/2025)	Appraised Value (30/06/2025)	Difference
ASSETS			
Non-current assets			
Investment in an associate	24,486	79,467	54,981
Current assets			
Cash and cash equivalents	32,712	32,712	—
Other receivables	4,163	4,163	—
Inventories	64,406	64,406	—
LIABILITIES			
Trade payable	32,887	32,887	—
Contract liabilities	16,288	16,288	—
Income tax payables	9,284	9,284	—
Other payable & accruals	2,755	2,755	—
EQUITY	64,553	119,534	54,981

The asset of Hangzhou Zhongji mainly consisted of its investment in an associate, being its 40% shareholding interest in Jun Heng, cash and cash equivalents and inventories. Based on asset-based approach, the increase in appraised value of Hangzhou Zhongji is due to the increase in appraised value of the equity interest of Jun Heng as detailed in the section headed "6. Valuation of Jun Heng" above.

In respect of other major assets and liabilities of Hangzhou Zhongji, we have performed workdone as follows:

Cash and cash equivalents

Cash and cash equivalents primarily consist of bank deposits, with a book value of RMB32.7 million, representing the company's deposits in various commercial banks. These include deposits in RMB and USD held at licensed banks. We reviewed the bank journals, bank statements, and bank reconciliation statements, and also performed confirmations with the deposit banks to check for any possible significant outstanding items that could affect net assets. After our verification, no abnormal issues were detected.

Inventories

Inventories comprise the projects in execution by Hangzhou Zhongji, with a book value of approximately RMB64.4 million as of the valuation date. This mainly pertains a land lot. Based on the detailed asset list provided by Hangzhou Zhongji, we conducted on-site inspections and verifications to confirm their physical existence. We also reviewed and collected project contracts, invoices for completed portions, and payment receipts.

Accounts payables

Accounts payable have a book value of approximately RMB32.9 million, mainly representing project payables accrued by Hangzhou Zhongji from January to June 2025 based on the progress of various projects. We tested the entity's project contracts, verified the project progress & related documents, and collected inspection reports for the completed portions of the projects.

8. PARAMETERS & KEY INPUTS FOR THE VALUATION OF JUN HENG

Revenue

We estimate Jun Heng continues its stable and mature supply of building materials business, and the revenue growth in the projection period is conservatively assumed to be the annual inflation rate of within 1%–3% per annum for the projection period, with the perpetual growth rate is estimated to be 2% based on the China Inflation Rate Outlook provided by Ychart, a Chicago-based financial technology company that provides investment research for financial professional, which forecasts the annual inflation rate to be ranging from 1% to 2% during 2026 to 2030. Considering the nature of building materials involved in the business of Hangzhou Zhongji, we have expanded the rate to a range of 1% to 3%.

Cost

We test the historical cost and calculate historical average gross profit margin of Jun Heng, which is approximately 7%. The estimated cost adopted for Jun Heng for the projection period is consistent with the historical average gross profit margin of approximately 7%.

Selling & Administrative Expenses

For a relatively mature business, with mature customer and slow growth rate, the selling and administrative expenses usually take up a certain percentage of revenue. We refer to Jun Heng's historical range of ratio of selling and administrative expenses against the revenue of Jun Heng, which was adopted for the projection period.

Interest Expenses

Considering Jun Heng has no debt financing plan, there is no interest expense in the projection period.

Corporate Tax

Considering Jun Heng is profitable and has no loss carrying forward, the imposed corporate tax rate is 25% in the projection period.

Risk Free Rate

The risk-free rate represents the yield of 10-year Hong Kong government bond.

Company Specific Risk

The company specific risk reflects size, operation, internal control risk of the company.

There is no non-operation assets and liabilities during this valuation.

There is no surplus cash during this valuation.

The discount for lack of marketability is adopted as 21.2% from Stout Restricted Study.

The discount for lack of control is adopted as 16.81% from Stout Restricted Study.

The utilized exchange rate of HKD/RMB is 0.91195 at the valuation date.

9. VALUATION ASSUMPTIONS

Due to the changing environment in which Hangzhou Zhongji and Jun Heng are operating and its early stage of business, various operating assumptions have been prepared by the management of Hangzhou Zhongji and Jun Heng in order to sufficiently support our concluded opinion of the Fair Value. The assumptions are listed as follows:

Hangzhou Zhongji and Jun Heng will continue to manage and operate its business in the designated territory of China and fulfill all legal and regulatory requirements for the continuation of its business.

There will be no material changes in politics, laws, rules or regulations, or financial or economic or market conditions where Hangzhou Zhongji and Jun Heng currently operates which may materially and adversely affect the operations of the construction and operation business. The future earnings as projected by the management of Hangzhou Zhongji and Jun Heng are in line with their overall development strategy, industrial development trend and national policy towards the industry.

There will be no major changes in the current taxation law in China where the Target Company currently operates which will materially affect the profits, that the rates of tax payable remain unchanged and that all applicable laws and regulations in relation to taxation in China will be complied with.

There will not be any adverse events beyond the management's control, including natural disasters, catastrophes, fire, explosion, flooding, acts of terrorism and epidemics that may adversely affect the operation of Hangzhou Zhongji and Jun Heng.

Any financial statements, service contracts, schedule of assets and their condition or other relevant information as provided by Hangzhou Zhongji and Jun Heng in connection with the valuation is true, complete and credible. It is assumed that Hangzhou Zhongji and Jun Heng will remain the same in its business scope, business model and business orientation on the basis of its existing management approach and standards.

Management's forecast for involving no material capital expenditure or investment from 2025 onward is feasible and true.

10. GENERAL SERVICE CONDITIONS

The services provided by PSA (HK) Surveyors Limited has been performed in accordance with the "HKIS Valuation Standards 2024 Edition" and the International Valuation Standards. Our compensation is not contingent in any way upon our conclusion of value. We assume, without independent verification, the accuracy, of all data provided to us. We will act as an independent contractor and reserve the right to use subcontractors. All files, working papers or documents developed by us during the course of the engagement will be our property. We will retain this data for at least six years.

This report and valuation shall be used only in its entirety and no part shall be used without making reference to the whole report. Our report is to be used only for the specific purpose stated herein and any other use is invalid. No reliance may be made by any third party without our prior written consent.

We hereby certify that the valuer(s) is/are suitably qualified and authorized to practice as a valuer; does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the subject (including the parties with whom our client is dealings, the lender or selling agent, if any); accepts instruction to value the subject only from the Instructing Party.

Any decision to purchase, sell or transfer any interest in the Target Company shall be the owner's sole responsibility, as well as the structure to be utilized and the price to be accepted.

The selection of the price to be accepted requires consideration of factors beyond the information we will provide or have provided. An actual transaction involving the subject business might be concluded at a higher value or at a lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivations of the buyers and sellers at that time.

This appraisal reflects only facts and conditions existing at the Valuation Date.

11. VALUATION CONCLUSION

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. While the assumptions and consideration of such matters are considered to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Target Group and/or PSA (HK) Surveyors Limited.

Based on the valuation methodology adopted, the fair value of 100% equity of the Target Company, as at 30 June 2025 was in the sum of **HKD115,380,000 (Hong Kong Dollar One Hundred and Fifteen Million Three Hundred and Eighty Thousand Only)**, rounded to the nearest thousand Hong Kong Dollars.

We hereby certify that we have neither present nor prospective interests in the Target Company, or the value reported.

Yours Faithfully
For and on behalf of
PSA (HK) Surveyors Limited

Harry CHAN *FHKIS, MRICS, MCIREA, RPS(GP)*
Managing Director
Valuation & Advisory Services

Edvard DUAN *CFA, MRICS*
Director
Valuation & Advisory Services

Note: Mr. Harry C W Chan is a Registered Professional Surveyor (General Practice) with over 30 years' experience in asset appraisal and investment market in Hong Kong and mainland China. Mr. Chan is a fellow member of The Hong Kong Institute of Surveyors, a corporate member of Royal Institution of Chartered Surveyors and a registered business valuer of the Hong Kong Business Valuation Forum.



10 March 2026

The Board of Directors
Enviro Energy International Holdings Limited
Room 2201B
22/F Harbour Centre
25 Harbour Road
Wanchai, Hong Kong

Dear Sirs,

We have examined the calculations of the discounted cash flow forecast (the "**Forecast**") underlying the valuation (the "**Valuation**") of Sapphire Asia Limited (the "**Target Company**") dated 10 March 2026 performed by PSA (HK) Surveyors Limited in respect of the appraisal of the fair value of entire equity interest in the Target Company as at the reference date of 30 June 2025. The Valuation is set out in the circular of Enviro Energy International Holdings Limited (the "**Company**") dated 10 March 2026 (the "**Circular**") in connection with the acquisition of 60% equity interest in the Target Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

DIRECTORS' RESPONSIBILITIES

The directors of the Company are solely responsible for the preparation of the Forecast and the reasonableness and validity of the assumptions based on which the Forecast is prepared (the "**Assumptions**"). The Assumptions are set out in the section headed "Appendix V Valuation Report on the Target Group — 9. Valuation Assumptions".

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion on the calculations of the Forecast based on our procedures and to report our opinion solely to you, as a body, solely for the purpose in connection with the Valuation and for no other purpose. We accept no responsibility to any other person in respect of, arising out of, or in connection with our work.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Company's directors have properly compiled the Forecast in accordance with the Assumptions adopted by the directors. Our work is substantially less in scope than an audit conducted in accordance with the Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

The Assumptions include hypothetical assumptions about future events and management actions that may or may not necessarily be expected to occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express opinion whatsoever thereon.

Because the Forecast relates to cash flows, no accounting policies of the Company have been adopted in its preparation.

OPINION

In our opinion, so far as calculations are concerned, the Forecast has been properly compiled in accordance with the Assumptions adopted by the directors as set out in the Valuation.

Yours faithfully,

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Practising Certificate Number P03614
Hong Kong

Donvex 富域資本
Donvex Capital Limited
富 域 資 本 有 限 公 司

10 March 2026

The Directors
Enviro Energy International Holdings Limited
Room 2201B
22/F, Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

We refer to the circular of Enviro Energy International Holdings Limited (the "**Company**") dated 10 March 2026 in relation to the acquisition of 60% issued share capital of Sapphire Asia Limited (the "**Target Company**") (the "**Circular**") and valuation (the "**Valuation**") prepared by PSA (HK) Surveyors Limited (the "**Independent Valuer**") in relation to the estimation of the value of the Target Company as at 30 June 2025.

We note that the Valuation were conducted with a combination of valuation methodology, including the valuation of the Target Company's equity interest in Hangzhou Jun Heng Building Materials Limited (the "**Joint Venture**") which has been prepared based on the discounted future estimated cash flows and is regarded as profit forecast under Rule 14.61 of the Listing Rules. We noted that the valuation of the Joint Venture is developed based on, among other things, the cash flow forecast in relation to the Joint Venture (the "**Forecast**") and the estimated discount rate which is based on the weighted average cost of capital of the Company after taking consideration of relevant risk-free rate and certain risk premium.

We, as the financial adviser to the Company, have reviewed the Forecast, for which the Directors are solely responsible, and have discussed with the management of the Company and the Independent Valuer regarding the bases and assumptions of the Valuation, and have reviewed the letter dated 10 March 2026 from ZHONGHUI ANDA CPA Limited, the reporting accountant of the Company, as set out in Appendix VI to the Circular. ZHONGHUI ANDA CPA Limited is of the opinion that, the Forecast, so far as the calculations are concerned, has been properly compiled in all material respects in accordance with the bases and assumptions made by the directors of the Company.

We have assumed that all information, materials and representations referred to or contained in the Forecast were true, accurate, complete and not misleading at the time they were supplied or made, and remained so up to the date of this letter and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, expressed or implied, is made by us on the accuracy, truth or completeness of such information, materials, opinions and/or representations. Circumstances could have developed or could develop in the future that, if known to us at the time of this letter, would have altered our respective assessment and review.

On the basis of the foregoing and the calculations reviewed by ZHONGHUI ANDA CPA Limited, without giving any opinion on the reasonableness of the valuation methods, bases and assumptions adopted by the Independent Valuer on the Valuation, for which Independent Valuer and the Company are responsible, we are of the opinion that the Forecast underlying the Valuation, for which the directors of the Company is solely responsible, have been made after due and careful enquiry.

Our opinion has been given for the sole purpose of compliance with Rule 14.60A(3) of the Listing Rules and for no other purpose.

Yours faithfully,
For and on behalf of
Donvex Capital Limited

Doris Sy
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group.

The Directors confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statements in this circular misleading.

As at the Latest Practicable Date, the Board comprises three executive Directors, namely Mr. Wu Wei (Chairman), Mr. Lai Dexing and Mr. Cao Zhongshu; one non-executive Director, namely Mr. Jiang Senlin; and three independent non-executive Directors, namely Ms. Xie Jiayang, Mr. Zhang Xiaoqiang and Mr. Pan Yongye.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and Shares to be issued upon the Completion were and will be as follows:

	Number of Shares	Nominal value *HK$*
Authorised:		
As at the Latest Practicable Date	10,000,000,000	500,000,000
Issued and fully paid:		
As at the Latest Practicable Date	1,439,385,743	71,969,287
Consideration Shares to be issued	1,320,000,000	66,000,000
Upon the Completion	2,759,385,743	137,969,287

All the issued Shares rank *pari passu* in all respects with each other, including, as to dividends, voting rights and return of capital. No part of the equity or debt securities of the Company is listed or dealt in, nor is listing or permission to deal in the Shares or loan capital of the Company being, or proposed to be, sought on any other stock exchange.

The Consideration 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 Consideration Shares.

Since 31 December 2024 (the date to which the latest published audited financial statements of the Company were made up), and up to the Latest Practicable Date, no new Shares had been issued by the Company and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Shares.

As at the Latest Practicable Date, save for the aforementioned issued Shares, the Company had no other outstanding shares, options, derivatives, warrants or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such shares, options, derivatives, warrants or securities of the Company as at the Latest Practicable Date.

3. MARKET PRICES

The table below shows the closing prices of the Shares quoted on the Stock Exchange on (a) on the last trading day of each of the calendar months during the period commencing on the date falling six months preceding 28 July 2025, being the date of the Announcement, up to and including the Latest Practicable Date ("**Relevant Period**"); (b) the date of the Announcement; and (c) the Latest Practicable Date:

Date	**Closing price per Share** *(HK$)*
31 March 2025	0.064
30 April 2025	0.058
30 May 2025	0.049
30 June 2025	0.054
28 July 2025 (the date of the Announcement)	0.052
31 July 2025	0.050
29 August 2025	0.053
30 September 2025	0.050
31 October 2025	0.049
28 November 2025	0.042
31 December 2025	0.045
30 January 2026	0.053
27 February 2026	0.045
4 March 2026 (Latest Practicable Date)	0.043

The highest and lowest closing market prices of the Shares recorded on the Stock Exchange during the Relevant Period were HK$0.074 on 7 February 2025 and HK$0.042 on 28 November, 1 and 3 December 2025 and 5, 25 and 26 February 2026, respectively.

4. DISCLOSURE OF INTERESTS

(1) Interests of Directors

As at the Latest Practicable Date, none of the Directors, chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(2) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company and as required by Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company or as recorded in the register required to be kept under Section 336 of the SFO, the interests or long positions of persons in the Shares and underlying Shares of the Company were as follows:

Name of Shareholder	Nature	Number of ordinary Shares held	Approximate % of shareholding
Vendor A	Beneficial Owner	731,358,376 *(Note 1)*	50.81%
Mr. Wu	Interest of controlled corporation	731,358,376 *(Note 1)*	50.81%
WIFHL	Beneficial Owner	94,266,480 *(Note 2)*	6.55%
WIFHC	Interest of controlled corporation	94,266,480 *(Note 2)*	6.55%
Hua Zhi Investment Limited	Interest of controlled corporation	108,543,246 *(Note 2 & Note 3)*	7.54%
Pu Shi International Investment Limited	Interest of controlled corporation	108,543,246 *(Note 2 & Note 3)*	7.54%

Name of Shareholder	Nature	Number of ordinary Shares held	Approximate % of shareholding
Pu Shi Investment Limited	Interest of controlled corporation	108,543,246 *(Note 2 & Note 3)*	7.54%
Mr. Li Gang	Interest of controlled corporation	108,543,246 *(Note 2 & Note 3)*	7.54%

Notes:

1. Vendor A is wholly-owned by Mr. Wu. Accordingly, Mr. Wu is deemed to be interested in the Shares held by Offeror by virtue of the SFO.

2. WIFHL is wholly owned by WIFHC, WIFHC is owned as to Hua Zhi Investment Limited and Pu Shi International Investment Limited by approximately 55.95% and 41.79% respectively. Hua Zhi Investment Limited is owned by Mr. Li Gang as to approximately 72.01%. Pu Shi International Investment Limited is wholly owned by Pu Shi Investment Limited. Accordingly, each of WIFHC, Hua Zhi Investment Limited, Pu Shi International Investment Limited, Pu Shi Investment Limited and Mr. Li Gang is deemed to be interested in the Shares held by WIFHL by virtue of the SFO.

3. WIIHL is owned by Hua Zhi Investment Limited and Pu Shi International Investment Limited as to approximately 58.44% and 18.38% respectively. Hua Zhi Investment Limited is owned by Mr. Li Gang as to approximately 72.01%. Pu Shi International Investment Limited is wholly owned by Pu Shi Investment Limited. Accordingly, each of Hua Zhi Investment Limited, Pu Shi International Investment Limited, Pu Shi Investment Limited and Mr. Li Gang is deemed to be interested in the Shares held by WIIHL by virtue of the SFO.

4. As at the Latest Practicable Date, the number of issued shares of the Company was 1,439,385,743.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with the Company or any of its subsidiaries, which is not determinable by the employer within one year without payment of compensation, other than statutory compensations.

6. DIRECTORS' INTERESTS IN ASSETS OF THE GROUP OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2024 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, subsisting at the date of this circular, which was significant to the business of the Group.

7. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors had interests in the businesses (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or any member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

8. MATERIAL CONTRACT

During the two years immediately preceding the date of the Announcement and up to the Latest Practicable Date, the following contract (not being contracts entered into in the ordinary course of business of the Group) was entered into by the Company and/or members of the Group and is or may be material to the Group:

(i) a settlement agreement dated 25 January 2024 entered into among the Company and Wonderland International Financial Holdings Limited, Wonderland International Finance Limited, Mr. Pan Lihui, Able Plus International Limited, Longma International Family Services Group Limited, Mr. Tang Zhengbang and Mr. Zhou Lixin (collectively, the "**Creditors**") in relation to the capitalisation of the indebtedness owed by the Company to the Creditors, details of which were disclosed in the Company's announcement dated 7 February 2024, 28 February 2024, 30 April 2024 and 3 June 2024 and the Company's circular dated 8 April 2024;

(ii) a sale and purchase agreement dated 22 July 2024 entered into between Heng Tong Global Business Travel Holding (HK) Limited as the purchaser, and Peak Business Worldwide Limited, an indirect wholly-owned subsidiary of the Company, as the vendor in relation to the disposal of the entire issued shares of Enviro Energy Minerals Limited at a consideration of HK$1, details of which were disclosed in the Company's announcement dated 22 July 2024 and Company's circular dated 23 August 2024;

(iii) a sale and purchase agreement dated 22 July 2024 entered into between Heng Tong Global Business Travel Holding (HK) Limited as the purchaser, and Enviro Energy Capital Investment (BVI) Limited, an indirect wholly-owned subsidiary of the Company, as the vendor in relation to the disposal of the entire issued shares of Enviro Energy Capital Investment (Hong Kong) Limited at a consideration of HK$1, details of which were disclosed in the Company's announcement dated 22 July 2024 and Company's circular dated 23 August 2024;

(iv) a sale and purchase agreement dated 21 January 2025 entered into between Wonderland International Financial Holdings Limited as the vendor and Vendor A as the purchaser in relation to the acquisition of 310,000,000 Shares, details of which were disclosed in the Company's announcement dated 6 February 2025;

(v) a sale and purchase agreement dated 21 January 2025 entered into between Mr. Pan Lihui as the vendor and Vendor A as the purchaser in relation to the acquisition of 281,384,626 Shares, details of which were disclosed in the Company's announcement dated 6 February 2025;

(vi) a sale and purchase agreement dated 21 January 2025 entered into between Ms. Lu Qing as the vendor and Vendor A as the purchaser in relation to the acquisition of 69,130,440 Shares, details of which were disclosed in the Company's announcement dated 6 February 2025;

(vii) a sale and purchase agreement dated 21 January 2025 entered into between Wonder International Finance Limited as the vendor and Vendor A as the purchaser in relation to the acquisition of 28,530,160 Shares, details of which were disclosed in the Company's announcement dated 6 February 2025;

(viii) a sale and purchase agreement dated 21 January 2025 entered into between Wonder International Financial Limited as the vendor and Vendor A as the purchaser in relation to the acquisition of 20,000,000 Shares, details of which were disclosed in the Company's announcement dated 6 February 2025; and

(ix) the Sale and Purchase Agreement.

9. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, no litigation or claims of material importance is pending or threatened by or against the Company and any of its subsidiaries.

10. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there were no material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

11. WORKING CAPITAL

The Directors, after due and careful enquiry and taking into consideration the completion of the Acquisition and the internal financial resources available to the Enlarged Group, are of the opinion that, the Enlarged Group will have sufficient working capital to satisfy its present requirements for the next twelve months from the date of this circular.

12. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular and has given opinions and advice which are contained in this circular:

Name	Qualification
Donvex Capital Limited	A corporation licensed for carrying out Type 6 (advising on corporate finance) regulated activity under the SFO
Grand Moore Capital Limited	A corporation licensed for carrying out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO
ZHONGHUI ANDA CPA Limited	Certified Public Accountants
PSA (HK) Surveyors Limited	Independent professional valuer

The experts named above did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group as at the Latest Practicable Date.

As at the Latest Practicable Date, the experts named above did not have had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Group were made up.

The experts named above have given and has not withdrawn their written consents to the issue of this circular, with the inclusion therein of their letters or the references to their names in the form and context in which they respectively appear.

13. GENERAL

(a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(b) The company secretary of the Company is Mr. Ng Yu Ho, who is a member of the Hong Kong Institute of Certified Public Accountants.

(c) The head office and principal place of business of the Company in Hong Kong is situated at Room 2201B, 22/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

(d) The Company's principal share registrar and transfer office in the Cayman Islands is Suntera (Cayman) Limited at 3rd Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110, Cayman Islands.

(e) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(f) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

14. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection (i) on the website of the Company (www.enviro-energy.com.hk); and (ii) on the website of the Stock Exchange (www.hkexnews.hk) from the date of this circular up to and including the date of the EGM (being not less than 14 days):

(i) the memorandum of association and the bye-laws of the Company;

(ii) the annual reports of the Company for the three financial years ended 31 December 2022, 2023 and 2024 and the interim report of the Company for the six months ended 30 June 2025;

(iii) the written consents referred to under the paragraph headed "12. Experts and Consent" in this Appendix;

(iv) the Letter from the Board, the text of which is set out in this circular;

(v) the Letter from the Independent Financial Adviser, the text of which is set out in this circular;

(vi) the Letter from the Independent Board Committee, the text of which is set out in this circular;

(vii) the accountants' report on the Target Group, the text of which is set out in this circular;

(viii) unaudited pro forma financial information of the Enlarged Group, the text of which is set out in this circular;

(ix) the valuation report from the Valuer, the text of which is set out in this circular;

(x) the material contracts referred to under the paragraph headed ''8. Material Contracts'' in this Appendix; and

(xi) this circular.

Enviro Energy International Holdings Limited
環能國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1102)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of shareholders of Enviro Energy International Holdings Limited (the "**Company**") will be held at Units 1201–03, 12/F., Podium Plaza, 5 Hanoi Road, Tsim Sha Tsui, Kowloon, Hong Kong on 26 March 2026 at 12:00 p.m., to consider and, if thought fit, to pass with or without amendments, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT** subject to the conditions precedent set out in the letter from the board under the heading "Conditions precedent" in the circular of the Company dated 10 March 2026 (the "**Circular**"):

(a) the sale and purchase agreement dated 28 July 2025 (the "**Sale and Purchase Agreement**") entered into between the Company and Vendors in relation to the Acquisition (as defined in the Circular) contemplated thereunder, be and are hereby approved, ratified and confirmed;

(b) subject to the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting permission to deal in, the Consideration Shares (as defined in the Circular), the Directors be and are hereby granted a specific mandate (the "**Specific Mandate**") to allot and issue the Consideration Shares subject to the terms of the Sale and Purchase Agreement, with such Specific Mandate being in additional to and not prejudicing or revoking any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to the passing of this resolution; and

(c) any one of the Directors be and is hereby authorised to do all such acts and things and sign, execute and deliver all documents (including affixing the common seal of the Company if appropriate) he or she considers necessary, desirable or expedient to give effect to the Sale and Purchase Agreement and the Acquisition contemplated thereunder."

Yours faithfully
By order of the Board
Enviro Energy International Holdings Limited
Wu Wei
Chairman and Executive Director

Hong Kong, 10 March 2026

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and to vote on his behalf. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead.

2. Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon must be deposited with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority.

4. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.

5. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

6. In order to be qualified to attend and vote at the EGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 20 March 2026. The register of members of the Company will be closed from Monday, 23 March 2026 to Thursday, 26 March 2026 (both days inclusive), during which period no transfer of shares will be effected.

7. The voting at the EGM shall be taken by way of poll.