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EcoGreen International Group Limited

中怡國際集團有限公司

(incorporated in the Cayman Islands with limited liability)

www.ecogreen.com

(Stock code: 2341)

DISCLOSEABLE TRANSACTIONS

CONSTRUCTION AND EQUIPMENT PURCHASE AGREEMENTS IN RELATION TO THE CONSTRUCTION OF NEW PLANTS IN GULEI CHEMICAL INDUSTRIAL PARK

EcoGreen Chemicals has entered into the Agreements with three Independent Third Parties in relation to the Project for the period from 20 March 2017 to 3 August 2018. It has come to the attention of the Directors that each of the Agreements, on a standalone basis and/or on an aggregated basis, would have constituted a discloseable transaction under Chapter 14 of the Listing Rules.

Each of the Equipment Purchase Agreement (1), Construction Agreement (1), Construction Agreement (2) and Construction Agreement (4), on a standalone basis, constitutes a discloseable transaction under Chapter 14 of the Listing Rules since the applicable percentage ratio is more than 5% but less than 25%. In addition, the Contractor (B) Agreements and the Contractor (C) Agreements, each on an aggregated basis, constitute a discloseable transaction under Chapter 14 of the Listing Rules since the applicable percentage ratio is more than 5% but less than 25%.

The Board has implemented certain remedial actions and procedures for the avoidance of the future occurrence of non-compliance of the Listing Rules.

THE AGREEMENTS

1. Equipment Purchase Agreement with Contractor (A)

On 20 March 2017, EcoGreen Chemicals and Contractor (A) entered into the Equipment Purchase Agreement (1) pursuant to which Contractor (A) as vendor agreed to supply, and EcoGreen Chemicals as purchaser agreed to purchase certain installation materials and construction equipment for the Project. The principal terms of the Equipment Purchase Agreement (1) are as follows:

Date:	20 March 2017
Parties:	Purchaser: EcoGreen Chemicals Vendor: Contractor (A)
Subject matter:	Contractor (A) as vendor agreed to supply, and EcoGreen Chemicals as purchaser agreed to purchase certain installation materials and construction equipment for the Project.
Consideration and payment terms:	<p>The total consideration under the Equipment Purchase Agreement (1) is RMB70,000,000.00 (equivalent to approximately HK\$78,944,000) and shall be payable as follows:</p> <ul style="list-style-type: none">(i) 50% of the consideration shall be paid within 7 business days after the effective date of the Equipment Purchase Agreement (1);(ii) 30% of the consideration shall be paid before delivery of the equipment according to Equipment Purchase Agreement (1);(iii) 15% of the consideration shall be paid within 15 business days after the acceptance of inspection of the equipment and the receipt of the invoice from Contractor (A) according to Equipment Purchase Agreement (1); and

(iv) 5% of the consideration shall be paid within 15 business days after the expiry of the defects liability period according to Equipment Purchase Agreement (1).

The consideration under the Equipment Purchase Agreement (1) was determined based on arm's length negotiation between the parties.

2. Construction Agreements with Contractor (B)

EcoGreen Chemicals and Contractor (B) entered into the Construction Agreement (1), the Construction Agreement (2) and the Construction Agreement (3) on 15 November 2017, 2 December 2017 and 3 June 2018 respectively. Under the Contractor (B) Agreements, EcoGreen Chemicals as principal agreed to engage Contractor (B) as contractor to provide construction services in the Project. The principal terms of each of the Contractor (B) Agreements are as follows:

Date: *Construction Agreement (1):*
15 November 2017

Construction Agreement (2):
2 December 2017

Construction Agreement (3):
3 June 2018

Parties: Principal: EcoGreen Chemicals
Contractor: Contractor (B)

Subject matter: *Construction Agreement (1):*
EcoGreen Chemicals as principal agreed to engage Contractor (B) as contractor to provide construction services in the Project, including civil construction and steel structural works, etc.

Construction Agreement (2):

EcoGreen Chemicals as principal agreed to engage Contractor (B) as contractor to provide construction services in the Project, including steel structural and installation works, etc.

Construction Agreement (3):

EcoGreen Chemicals as principal agreed to engage Contractor (B) as contractor to provide construction services in the Project, including civil construction and steel structural works, etc.

Term of construction:

Construction Agreement (1):

The construction under the Construction Agreement (1) shall be commenced on 25 December 2017 and completed on 5 September 2018.

Construction Agreement (2):

The construction under the Construction Agreement (2) shall be commenced on 15 March 2018 and completed on 5 September 2018.

Construction Agreement (3):

The construction under the Construction Agreement (3) shall be commenced on 6 June 2018 and completed on 30 January 2019.

Consideration and
payment terms:

Construction Agreement (1):

The total consideration under the Construction Agreement (1) is estimated to be RMB51,542,600.00 (equivalent to approximately HK\$60,649,000) and shall be payable as follows:

- (i) 25% of the consideration shall be paid within 15 business days after the commencement of the construction according to the Construction Agreement (1);

- (ii) 50% of the consideration shall be paid within 15 business days after the completion of the construction according to the Construction Agreement (1);
- (iii) 20% of the consideration shall be paid within 20 business days after the acceptance of inspection of the construction and the receipt of the invoice from Contractor (B) according to the Construction Agreement (1); and
- (iv) the remaining 5% of the consideration shall be paid within 10 business days after one year from the date of acceptance of inspection of the construction according to the Construction Agreement (1).

Construction Agreement (2):

The total consideration under the Construction Agreement (2) is estimated to be RMB72,870,000.00 (equivalent to approximately HK\$86,147,000) and shall be payable as follows:

- (i) 25% of the consideration shall be paid within 15 business days after the effective date of the Construction Agreement (2);
- (ii) 50% of the consideration shall be paid within 15 business days after the completion of the construction according to the Construction Agreement (2);
- (iii) 20% of the consideration shall be paid within 20 business days after the acceptance of inspection of the construction and the receipt of the invoice from Contractor (B) according to the Construction Agreement (2); and
- (iv) 5% of the consideration shall be paid within 10 business days after one year from the date of acceptance of inspection of the construction according to the Construction Agreement (2).

Construction Agreement (3):

The total consideration under the Construction Agreement (3) is estimated to be RMB35,000,000.00 (equivalent to approximately HK\$42,854,000) and shall be payable as follows:

- (i) 20% of the consideration shall be paid within 15 business days after the commencement of the construction according to the Construction Agreement (3);
- (ii) up to 80% of the consideration shall be paid within 20 business days after receiving the invoice from Contractor (B) according to the Construction Agreement (3) ;
- (iii) up to 95% of the consideration shall be paid within 20 business days after the acceptance of inspection of the construction and receiving the invoice from Contractor (B) according to the Construction Agreement (3); and
- (iv) the remaining 5% of the consideration shall be paid within 10 business days after one year from the date of acceptance of inspection of the construction according to the Construction Agreement (3).

The respective consideration under each of the Contractor (B) Agreements was determined based on arm's length negotiation between the parties based on the architectural design and standard framework of the construction.

3. Equipment Purchase and Construction Agreements with Contractor (C)

On 3 August 2018, EcoGreen Chemicals and Contractor (C) entered into the Equipment Purchase Agreement (2) pursuant to which Contractor (C) as vendor agreed to supply, and EcoGreen Chemicals as purchaser agreed to purchase certain construction equipment for the Project. On 3 August 2018, EcoGreen Chemicals and Contractor (C) entered into the Construction Agreement (4) pursuant to which EcoGreen Chemicals as principal agreed to engage Contractor (C) as contractor to provide construction services in the Project. The principal terms of each of the Contractor (C) Agreements are as follows:

Date: *Equipment Purchase Agreement (2):*
3 August 2018

Construction Agreement (4):
3 August 2018

Parties: *Equipment Purchase Agreement (2):*
Purchaser: EcoGreen Chemicals
Vendor: Contractor (C)

Construction Agreement (4):
Principal: EcoGreen Chemicals
Contractor: Contractor (C)

Subject matter: *Equipment Purchase Agreement (2):*
Contractor (C) as vendor agreed to supply, and EcoGreen Chemicals as purchaser agreed to purchase certain construction materials and equipment for the construction and installation works in the Project.

Construction Agreement (4):
EcoGreen Chemicals as principal agreed to engage Contractor (C) as contractor to provide construction services in the Project, including civil construction and installation works, etc.

Term of construction: *Construction Agreement (4):*
The construction under the Construction Agreement (4) shall be commenced on 3 August 2018 and completed on 30 June 2019.

Consideration and payment terms: *Equipment Purchase Agreement (2):*
The total consideration under the Equipment Purchase Agreement (2) is RMB36,294,457.50 (equivalent to approximately HK\$41,713,000) and shall be payable as follows:

- (i) 15% of the consideration shall be paid within 15 business days after the signing of the Equipment Purchase Agreement (2);
- (ii) up to 95% of the consideration shall be paid within 10 business days after the acceptance of inspection of the equipment according to Equipment Purchase Agreement (2) and the receipt of the invoice from Contractor (C); and
- (iii) the remaining 5% of the consideration shall be paid within 12 months after the acceptance of inspection or within 18 months after the delivery of the equipment (whichever is earlier).

The consideration under the Equipment Purchase Agreement (2) was determined based on arm's length negotiation between the parties.

Construction Agreement (4):
The total consideration under the Construction Agreement (4) is estimated to be RMB98,459,749.50 (equivalent to approximately HK\$113,160,000) and shall be payable as follows:

- (i) 15% of the consideration shall be paid within 15 business days after the signing of the Construction Agreement (4);

- (ii) up to 70% of the consideration shall be paid within 20 business days after receiving the invoice from Contractor (C) according to the Construction Agreement (4) ;
- (iii) up to 85% of the consideration shall be paid within 15 business days after completion of the construction according to the Construction Agreement (4);
- (iv) up to 97% of the consideration shall be paid within 15 business days after acceptance of inspection of the construction and receiving the invoice from Contractor (C) according to the Construction Agreement (4) ; and
- (v) the remaining 3% of the consideration shall be paid after one year from the date of acceptance of inspection of the construction according to the Construction Agreement (4).

The consideration under the Construction Agreement (4) was determined based on arm's length negotiation between the parties based on the architectural design and standard framework of the construction.

INFORMATION ON THE PARTIES

The Company is an investment holding company. The Group is principally engaged in the production and trading of fine chemicals for use in aroma chemicals, speciality chemicals and pharmaceutical products.

Contractor (A) is a limited company in the PRC principally engaged in the sale and manufacturing of machinery and equipment. Contractor (B) is a limited company in the PRC principally engaged in building construction. Contractor (C) is a limited company in the PRC principally engaged in the sale and manufacturing of machinery and equipment.

The Directors confirmed that, to the best of their knowledge, information and belief, having made all reasonable enquiry, Contractor (A), Contractor (B) and Contractor (C) and their respective ultimate beneficial owner(s) are Independent Third Parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

The Directors consider that the Project and the entering into of the Agreements are beneficial to the Group. The Group carried out its strategic planning in Gulei Chemical Industrial Park to adapt itself to the upcoming changes in the global economic trends, and to meet China's new environmental policies. The industrial park will also enable the Group to fully capitalize on the integrated supply chain for oil refinery and petrochemical business and the technological advancement so that it can better meet the changes in the demand of industries. It will do so by optimizing the product mix of aroma chemicals and functional materials for international and domestic markets, thus achieving synergy between the supply chains for natural and petroleum-based resources. In the Phase one of Gulei Chemical Industrial Park, production lines for functional materials have been newly established. The multifunctional facilities are built to produce functional chemical products, which will mainly be aroma chemicals. The integration of multi-industries with synergies on supply chains for different raw materials in the industrial park, will make the production plant in Gulei become the Group's core production base that will drive its future robust business growth.

The Directors (including the independent non-executive Directors) believe that the respective terms of each of the Agreements are fair and reasonable and are in the interests of the Group and Shareholders as a whole.

LISTING RULES IMPLICATION

Each of the Equipment Purchase Agreement (1), Construction Agreement (1), Construction Agreement (2) and Construction Agreement (4), on a standalone basis, constitutes a discloseable transaction under Chapter 14 of the Listing Rules since the applicable percentage ratio is more than 5% but less than 25%. In addition, both the Contractor (B) Agreements and the Contractor (C) Agreements, each on an aggregated basis, constitute a discloseable transaction under Chapter 14 of the Listing Rules since the applicable percentage ratio is more than 5% but less than 25%.

REMEDIAL ACTIONS

In order to ensure that the Group will operate in strict and full compliance with the Listing Rules, including, among others, the requirements thereunder in respect of notifiable transactions, on a continuous basis, the Company has taken the following measures to prevent reoccurrence of the non-compliance:

- (i) the management has been reminded of the relevant requirements under Chapter 14 of the Listing Rules;
- (ii) the finance department shall monitor all contracts of the Company. Should there be any contract that is not of a revenue nature in the ordinary and usual course of business, the finance department will compute the size test to ascertain if such contract constitutes notifiable transaction of the Company. The finance department will also maintain a database which contains details of contracts entered into by the Group. The finance department will check against the database to see if any aggregation is required when calculating the size test;
- (iii) whenever any transaction is identified as a possible notifiable transaction, the finance department shall report its findings to the company secretarial department immediately, upon which the company secretarial department shall promptly conduct a thorough assessment of the transaction in question and its Listing Rules implications. In case of doubt, the company secretarial department shall consult the professional advisers to the Company; and
- (iv) the conclusions of the assessment shall be reported to the Board for its consideration and to seek further directions. Where any transaction of the Group is subject to the requirements under Chapter 14 of the Listing Rules, the Company will duly comply with the relevant requirement accordingly.

The Directors are of the view that the above measures could effectively prevent the occurrence of similar non-compliance in the future.

DEFINITIONS

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

“Agreements”	collectively, the Equipment Purchase Agreement (1), the Equipment Purchase Agreement (2), the Construction Agreement (1), the Construction Agreement (2), the Construction Agreement (3) and the Construction Agreement (4)
“Board”	the board of Directors
“Company”	EcoGreen International Group Limited (中怡國際集團有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Contractor (A)”	廣州博林機械製造有限公司(Guangzhou Bolin Machinery Manufacturing Co., Ltd.*), a company incorporated in the PRC with limited liability
“Contractor (B)”	中國化學工程第四建設有限公司(China Chemical Engineering Fourth Construction Co., Ltd.*), a company incorporated in the PRC with limited liability
“Contractor (B) Agreements”	collectively, the Construction Agreement (1), the Construction Agreement (2) and the Construction Agreement (3)
“Contractor (C)”	中建三局第三建設工程有限責任公司(China Construction Third Bureau Third Construction Engineering Co., Ltd.*), a company incorporated in the PRC with limited liability
“Contractor (C) Agreements”	collectively, the Equipment Purchase Agreement (2) and the Construction Agreement (4)
“Construction Agreement (1)”	the construction agreement entered into between EcoGreen Chemicals as principal and Contractor (B) as contractor on 15 November 2017 in relation to the Project

“Construction Agreement (2)”	the construction agreement entered into between EcoGreen Chemicals as principal and Contractor (B) as contractor on 2 December 2017 in relation to the Project
“Construction Agreement (3)”	the construction agreement entered into between EcoGreen Chemicals as principal and Contractor (B) as contractor on 3 June 2018 in relation to the Project
“Construction Agreement (4)”	the construction agreement entered into between EcoGreen Chemicals as principal and Contractor (C) as contractor on 3 August 2018 in relation to the Project
“Director(s)”	director(s) of the Company
“EcoGreen Chemicals”	中怡化工(漳州)有限公司 (EcoGreen Chemicals (Zhangzhou) Co. Ltd.*), an indirect wholly-owned subsidiary of the Company established in the PRC
“Equipment Purchase Agreement (1)”	the equipment purchase agreement entered into between EcoGreen Chemicals as purchaser and Contractor (A) as vendor on 20 March 2017 in relation to the sale and purchase of equipment for the Project
“Equipment Purchase Agreement (2)”	the equipment purchase agreement entered into between EcoGreen Chemicals as purchaser and Contractor (C) as vendor on 3 August 2018 in relation to the sale and purchase of equipment for the Project
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	third party(ies) independent of the Company and the connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Project”	the construction of the Group’s new plants for the production of aroma chemicals and functional materials in Gulei Chemical Industrial Park
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

* *the English translation of the Chinese name is for information purposes only, and should not be regarded as the official English translation of such name.*

By order of the Board
EcoGreen International Group Limited
Lam Kwok Kin
Company Secretary

Hong Kong, 21 May 2019

As at the date of this announcement, the Board of Directors of the Company comprises of six executive Directors, namely Mr. Yang Yirong (Chairman), Mr. Gong Xionghui, Ms. Lu Jiahua, Dr. Lin David Ying Tsung, Mr. Han Huan Guang and Mr. Lin Zhigang and three independent non-executive Directors, namely Mr. Yau Fook Chuen, Mr. Xiang Ming and Mr. Wong Yik Chung, John.