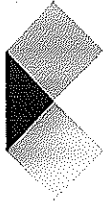


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12 January 2015

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The Directors
Enviro Energy International Holdings Limited
Cricket Square, P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Dear Sirs,

Re: **Chinook Holdings Limited (the "Company")**

We have acted as special legal counsel to the Company in connection with your request that we advise you on certain aspects of British Virgin Islands ("BVI") company law. The following is not intended to be exhaustive but merely to provide brief details and information which may be applicable to the Company.

General Prior to 2004, the principal statute in the BVI in relation to international corporate transactions had been the International Business Companies Act, 1984 (the "IBC Act"). The legislation previously applicable to companies in the BVI depended on whether the company was a "local" company (in which case the Companies Act (Cap 285) (the "BVI Companies Act") would apply), or an international business company ("IBC") (in which case the IBC Act would apply).

In October 2004, the BVI government announced the introduction of the BVI Business Companies Act ("BVI Act") to replace the IBC Act and the BVI Companies Act. The BVI Act came into effect on 1 January, 2005. Under the BVI Act, all BVI companies would be subject to a zero tax regime from 1 January, 2007 (previously, local companies were not exempted from income tax). All BVI companies (each hereinafter referred to as a "business company" or a "company") are now regulated by the BVI Act.

Incorporation The Company was incorporated as a business company with limited liability under the BVI Act on 24 December 2014.

Operations Subject to the BVI Act and the constitutional documents of a business company, a business company has irrespective of corporate benefit, full capacity to carry on or

undertake any business or activity, do any act or enter into any transaction and for the purposes of the foregoing, full rights, powers and privileges.

Every business company must have at all times a registered agent in the BVI. Registered agents must be licensed under either the Company Management Act 1990 or the Banks and Trust Companies Act 1990. A register of licensed registered agents is maintained by the Registrar of Corporate Affairs ("Registrar").

Constitution The constitutional documents of a business company are its memorandum and articles of association.

The memorandum of association must include:

1. the company's name;
2. whether the company is limited by shares or by guarantee or is an unlimited liability company;
3. the address of the company's registered office;
4. the name and address of the first registered agent;
5. the maximum number of shares that the company is authorised to issue, although the company can specify that the number is to be unlimited;
6. the classes of shares;
7. confirmation that the company is a segregated portfolio company, if that is the case;
8. a statement as to whether or not the company is authorised to issue bearer shares, and if so on what terms; and
9. a statement as to whether or not there are any restrictions on the activities of the company.

Unless the memorandum of association restricts the activities of the company, the company has full capacity to carry on or undertake any business or activity, and may do any act or enter into any transaction. The company has the full rights, powers and privileges necessary to give effect to its capacities.

The articles of association must be included when the memorandum of association is submitted for registration with the Registrar and therefore are available for inspection by the public. The articles of association prescribe the regulations of the company.

Amendment to Constitution The members of a company may, by resolution, amend the memorandum or articles of the company. The memorandum of a company may include a provision:



- (a) that specified provisions of the memorandum or articles may not be amended;
- (b) that a resolution passed by a specified majority of members, greater than 50%, is required to amend the memorandum or articles or specified provisions of the memorandum or articles; and
- (c) that the memorandum or articles, or specified provisions of the memorandum or articles, may be amended only if certain specified conditions are met.

The memorandum of a company may authorise the directors, by resolution, to amend the memorandum or articles of the company

Where a resolution is passed to amend the memorandum or articles of a company, the company must file for registration:

- (a) a notice of amendment in the approved form; or
- (b) a restated memorandum or articles incorporating the amendment made.

An amendment to the memorandum or articles has effect from the date that the notice of amendment, or restated memorandum or articles incorporating the amendment, is registered by the Registrar or from such other date as may be ordered by the BVI court.

The memorandum and articles of association of the Company provides that the sanction of a special resolution is required for purposes of amending the memorandum or articles.

Share Capital Under the BVI Act there is no concept of authorised capital. Companies incorporated under the BVI Act may be authorised to issue a specific number of shares or the company's memorandum of association may provide that the company is authorised to issue an unlimited number of shares. The BVI Act also provides that, subject to the company's memorandum and articles, shares may be issued with or without a par value and in any currency. The BVI Act also permits the company to issue fractional shares.

Shares issued by the company will be the personal property of the shareholders and confer on the holder of a share:



- (a) the right to one vote at a meeting of the members of the company or on any resolution of the members of the company;
- (b) the right to an equal share in any dividend paid in accordance with the BVI Act; and
- (c) the right to an equal share in the distribution of the surplus assets of the company.

Subject to any limitations or provisions to the contrary in the company's memorandum or articles, unissued shares and treasury shares of the company are at the disposal of the directors who may, without limiting or affecting any rights previously conferred on the holders of any existing shares or class or series of shares, offer, allot or otherwise dispose of shares to such persons, at such times and upon such terms as the company may by resolution of directors determine.

Similarly, subject to the company's memorandum and articles, options to acquire shares in a company may be granted at any time, to any person and for such consideration as the directors may determine.

Subject to the company's memorandum and articles, a company may issue shares which are partly paid or nil-paid. Shares may also be issued for consideration in any form, including money, a promissory note, real property, personal property (including goodwill and know-how), services rendered or the provision of future services.

Subject to the company's memorandum and articles, a company may issue shares with or without voting rights or with different voting rights; common, preferred, limited or redeemable shares; options warrants or similar rights to acquire any securities of the company; and securities convertible into or exchangeable for other securities or property of a company.

Subject to its memorandum and articles, a company may issue more than one class of shares. A statement of the classes of shares that the company is authorised to issue and, if the company is authorised to issue two or more classes of shares, the rights, privileges, restrictions and conditions attaching to each class of shares must be included in the company's memorandum of association. Subject to its memorandum and articles, a company may issue a class of shares in one or more series.

Repurchase of Shares A company may purchase, redeem or otherwise acquire its own shares in accordance with either the procedures set out in Sections 60, 61 and 62 of the BVI Act or such other provisions for the purchase, redemption or acquisition of its own

shares as may be specified in its memorandum and articles. Sections 60, 61 and 62 do not apply to a company to the extent that they are negated, modified or inconsistent with provisions for the purchase, redemption or acquisition of its own shares specified in the company's memorandum and articles. The articles of association of the Company expressly provides that such provisions shall not apply to the Company.

Subject to its memorandum or articles of association, a business company may purchase, redeem or otherwise acquire its own shares. The acquired shares may be cancelled or held as treasury shares. However, no such acquisition will be permitted unless the directors determine that immediately after the acquisition (i) the value of the company's assets will exceed its liabilities and (ii) the company will be able to pay its debts as they fall due. A determination by the directors is, however, not required:

- (a) where shares are purchased, redeemed; or otherwise acquired pursuant to a right of a member to have his shares redeemed or to have his shares exchanged for money or other property of the company;
- (b) by virtue of the provisions of the BVI Act in relation to the rights of dissenters under a redemption of minority shareholders, merger, consolidation, a disposition of assets, a compulsory redemption or an arrangement; or
- (c) pursuant to an order of the court.

A company may hold shares that have been purchased, redeemed or otherwise acquired as treasury shares if (a) the memorandum or articles of the company do not prohibit it from holding treasury shares; (b) the directors resolve that shares to be purchased, redeemed or otherwise acquired shall be held as treasury shares; and (c) the number of shares purchased, redeemed or otherwise acquired, when aggregated with shares of the same class already held by the company as treasury shares, does not exceed 50% of the shares of that class previously issued by the company, excluding shares that have been cancelled.

All the rights and obligations attaching to a treasury share are suspended and shall not be exercised by or against the company while it holds the share as a treasury share. Treasury shares may be transferred by the company and the provisions of the BC Act, the memorandum and articles that apply to the issue of shares apply to the transfer of treasury shares.

Under British Virgin Islands law, a subsidiary may hold shares in its holding company.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under British Virgin Islands law that a company's memorandum or articles contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association.

Financial Assistance Subject to the BVI Act, any other enactment and the company's memorandum and articles of association, a company has, *irrespective of corporate benefit* full capacity to carry on or undertake any business or activity, do any act or enter into any transaction including:

- (a) unless it is a company limited by guarantee or an unlimited company that in either case is not authorised to issue shares:
 - (i) issue and cancel shares and hold treasury shares,
 - (ii) grant options over unissued shares in the company and treasury shares,
 - (iii) issue securities that are convertible into shares, and
 - (iv) give financial assistance to any person in connection with the acquisition of its own shares;
- (b) issue debt obligations of every kind and grant options, warrants and rights to acquire debt obligations;
- (c) guarantee a liability or obligation of any person and secure any of its obligations by mortgage, pledge or other charge, of any of its assets for that purpose; and
- (d) protect the assets of the company for the benefit of the company, its creditors and its members and, at the discretion of the directors, for any person having a direct or indirect interest in the company.

Special Resolutions Unless the memorandum or articles provide otherwise, resolutions of shareholders are generally required to be approved by a simple majority. A resolution that may be passed by the shareholders may be approved by unanimous consent in writing without the need for notice of a meeting. In the case of the Company the articles of association provide that certain matters shall be approved by a special resolution and a

resolution is a special resolution when it has been passed by a majority of at least three-fourths of the votes cast by such member as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. Under the articles of association of the Company, written resolutions signed by all the members for the time being of the Company may take effect as special resolutions.

Public Offers The BVI Act does not require the issue or publication of a prospectus where a company offers shares to the public. However, where a business company carries on business as a public fund, it will be required to register a prospectus with the Financial Services Commission and make such prospectus available to its investors.

Share Certificates The articles of association provide that within prescribed time limits after the allotment of any shares, every person whose name is entered as a shareholder in the register of members of the Company shall be entitled to receive a share certificate for all his shares.

The articles of association provide that the Company is entitled to treat the registered holder of shares as the absolute owner thereof. In particular, the Company is not bound to take cognisance of any trust or other interest over the shares of the Company.

Dividends and Distribution A business company may declare and make a distribution (which term includes a dividend), provided that the directors are satisfied that immediately after the payment of the dividend, (i) the value of the company's assets will exceed its liabilities and (ii) the company will be able to pay its debts as they fall due.

A distribution may be a direct or indirect transfer of an asset (other than the company's own shares) or the incurring of a debt for the benefit of a member.

Management and Administration Subject to its memorandum and articles, the business and affairs of a company shall be managed by, or under the direction or supervision of, the directors of the company and the directors shall have all the powers necessary for managing, and for directing and supervising, the business and affairs of the company.

The BVI Act provides that, subject to any limitations or provisions to the contrary in its memorandum and articles, any sale, transfer, lease, exchange or other disposition, other than a mortgage, charge or other encumbrance of the enforcement thereof, of more than 50 per cent. of the assets of a company, if not made in the usual or regular course of business carried on by the company, must be approved by a resolution of members. The articles of

association of the Company expressly provide that notwithstanding the foregoing requirement of the BVI Act, the directors may dispose assets of the Company without the disposition being authorised by the members at a general meeting.

The BVI Act contains no other specific restrictions on the power of directors to dispose of assets of a company.

Directors' Duty Subject to the following, the BVI Act contains a statutory code of directors' duties. Each director of a company, in performing his functions, must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The duties owed by directors of business companies are provided for in the BVI Act and codify the duties of skill and care owed at common law. However, the BVI Act also extends the traditional principles of directors' fiduciary duties in three circumstances and provides that:

(a) a director of a company that is a wholly-owned subsidiary may, when exercising powers or performing duties as a director, if expressly permitted to do so by the memorandum or articles of the company, act in a manner which he believes is in the best interests of that company's holding company even though it may not be in the best interests of the company;

(a) a director of a company that is a subsidiary but not a wholly-owned subsidiary may, if expressly permitted to do so by the memorandum and articles of association and with the prior agreement of the other members, other than its holding company, act in a manner which is in the best interests of that company's holding company even though it may not be in the best interest of the company; and

(b) a director of a company that is carrying out a joint venture may, if expressly permitted to do so by the memorandum and articles of association, act in a manner which is in the best interests of a particular member, even though it may not be in the best interest of the company.

In general, the directors owe fiduciary duties to the Company and must exercise the care and skill of a reasonably prudent man of business.

In addition, a director of a company, when exercising powers or performing duties as a director, shall exercise the care, diligence, and skill that a reasonable director would exercise

in the same circumstances taking into account, but without limitation, (a) the nature of the company; (b) the nature of the decision; and (c) the position of the director and the nature of the responsibilities undertaken by him.

Loans to and Transactions with Directors There is no express provision in the BVI Act prohibiting the making of loans by a company to any of its directors.

A director of a company shall, immediately after becoming aware of the fact that he is interested in a transaction entered into or to be entered into by the company, disclose the interest to the board of the company. If a director fails to make such a disclosure, he is liable, upon summary conviction, to a fine of US\$10,000.

A director of a company is not required to disclose an interest if:

- (c) the transaction or proposed transaction is between the director and the company;
and
- (d) the transaction or proposed transaction is or is to be entered into in the ordinary course of the company's business and on usual terms and conditions.

Disclosure to the board to the effect that a director is a member, director, officer or trustee of another named company or other person may, after the date of the disclosure, be treated as sufficient disclosure of interest in relation to future transactions. It should be noted, however, that a disclosure is not made to the board unless it is made or brought to the attention of every director on the board.

The articles of association of the Company provide that a director must disclose at the first opportunity at any meeting of the directors or in writing to the directors any interest in any material contract or any material interest in any person with whom the Company has dealings. Under the articles of association of the Company, an interested director is prevented from voting or being counted in the quorum save for certain circumstances as set out in the articles of association of the Company.

Register of Directors and Officers A company is required to keep a register to be known as a register of directors containing, *inter alia*, the names and addresses of the persons who are Directors and the date on which each person whose name is entered on the register was appointed and ceased to be a Director. The register of directors may be in such form as the directors approve, but if it is in magnetic, electronic or other data storage form, the company must be able to produce legible evidence of its contents. A copy of the register of directors



must be kept at the registered office and the register is prima facie evidence of any matters directed or authorised by the BVI Act to be contained therein. A company may elect to file for registration by the Registrar a copy of its register of directors. Once filed, the company shall file any changes in the register by filing a copy of the register containing the changes with the Registrar until the company has filed a notice in the approved form to cease registration of changes in the register.

Investigation of the Affairs of the Company Under the BVI Act, a member of a business company or the Registrar may apply to the BVI court ex parte or upon such notice as the BVI court may require, for an order directing that an investigation be made of the company and any of its affiliated companies. If, upon such application, it appears to the BVI court that the business of the company or any of its affiliates is or has been carried on with intent to defraud any person, the company or any of its affiliates was formed for a fraudulent or unlawful purpose or its to be dissolved for a fraudulent or unlawful purpose, or persons concerned with the incorporation, business or affairs of the company or any of its affiliates have in connection therewith acted fraudulently or dishonestly, the BVI court may make any order it thinks fit with respect to an investigation of the company and any of its affiliated companies by an inspector, who may be the Registrar.

Protection of Minorities The BVI Act contains various mechanisms to protect minority shareholders, including:

- (a) **Restraining or Compliance Orders:** if a company or a director of a company engages in, or proposes to engage in, conduct that contravenes the BVI Act or the company's memorandum and articles, the court may, on the application of a member or a director of the company, make an order directing the company or director to comply with, or restraining the company or director from engaging in conduct that contravenes, the BVI Act or the company's memorandum and articles;
- (b) **Derivative Actions:** the court may, on the application of a member of a company, grant leave to that member to:
 - (i) bring proceedings in the name and on behalf of that company; or
 - (ii) intervene in proceedings to which the company is a party for the purpose of continuing, defending or discontinuing the proceedings on behalf of the company; and
- (c) **Unfair Prejudice Remedies:** a member of a company who considers that the affairs of the company have been, are being or are likely to be, conducted in a manner that is, or any



acts of the company have been, or are, likely to be oppressive, unfairly discriminatory, or unfairly prejudicial to him, may apply to the court for an order and, if the court considers that it is just and equitable to do so, it may make such order as it thinks fit, including, without limitation, one or more of the following orders:

- (i) in the case of a shareholder, requiring the company or any other person to acquire the shareholder's shares;
- (ii) requiring the company or any other person to pay compensation to the member;
- (iii) regulating the future conduct of the company's affairs;
- (iv) amending the memorandum or articles of the company;
- (v) appointing a receiver of the company;
- (vi) appointing a liquidator of the company under section 159(1) of the Insolvency Act;
- (vii) directing the rectification of the records of the company; and
- (viii) setting aside any decision made or action taken by the company or its directors in breach of the BVI Act or the company's memorandum and articles.

(d) **Representative Actions:** a member is able to bring an action against the company for a breach of a duty owed by the company to member in his capacity as a member. Where a member brings such an action and other members have the same (or substantially the same) action against the company, the court may appoint the first member to represent all or some of the members having the same interest and may make an order:

- (i) as to the control and conduct of the proceedings;
- (ii) as to the costs of the proceedings; and
- (iii) directing the distribution of any amount order to be paid by a defendant in the proceedings among the members represented.

The BVI Act provides that any member of a company is entitled to payment of the fair value of his shares upon dissenting from any of the following:

- (a) a merger;
- (b) a consolidation;
- (c) any sale, transfer, lease, exchange or other disposition of more than 50 per cent. of the assets or business of the company if not made in the usual or regular course of the business carried on by the company but not including:



- (i) a disposition pursuant to an order of the court having jurisdiction in the matter;
 - (ii) a disposition for money on terms requiring all or substantially all net proceeds to be distributed to the members in accordance with their respective interests within one year after the date of disposition; or
 - (iii) a transfer pursuant to the power of the directors to transfer assets for the protection thereof;
- (d) a redemption of 10 per cent. or less of the issued shares of the company required by the holders of 90 per cent. or more of the shares of the company pursuant to the terms of the BVI Act; and
- (e) an arrangement, if permitted by the court.

Generally any other claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the BVI or their individual rights as shareholders as established by the company's memorandum and articles.

Public Records of the Company Members of the general public, on a payment of a nominal fee, can inspect the public records of a company available at the office of the British Virgin Islands Registrar of Corporate Affairs which will include, *inter alia*, the company's certificate of incorporation, its memorandum and articles (with any amendments) and the records of licence fees paid to date.

A director may, on giving reasonable notice, inspect (and make copies of) the documents and records of a company without charge and at a reasonable time specified by the director.

A member of a company may, on giving written notice to a company, inspect the company's memorandum and articles, the register of members, the register of directors and the minutes of meetings and resolutions of members and of those classes of members of which he is a member.

Subject to any provision to the contrary in the company's memorandum and articles, the directors may, if they are satisfied that it would be contrary to the company's interests to allow a member to inspect any document, or part of a document, refuse to permit the member to inspect the document or limit the inspection of the document, including limiting the making of copies or the taking of extracts from the records. The directors shall, as soon as reasonably practicable, notify a member of any exercise of such powers. Where a company fails or refuses to permit a member to inspect a document or permits a member to inspect a document subject to limitations, that member may apply to the BVI court for an



order that he should be permitted to inspect the document or to inspect the document without limitation.

A company shall keep minutes of all meetings of directors, members, committees of directors and committees of members and copies of all resolutions consented to by directors, members, committees of directors and committees of members. The books, records and minutes required by the BVI Act shall be kept at the office of the BVI registered agent of the company or at such other place as the directors determine.

Register of members A company is required to keep a register of members containing, *inter alia*, the names and addresses of the persons who hold registered shares in the company, the number of each class and series of registered shares held by each shareholder, the date on which the name of each member was entered in the register of members and the date on which any person ceased to be a member. The register of members may be in any form as the directors may approve but, if it is in magnetic, electronic or other data storage form, the company must be able to produce legible evidence of its contents and a copy of the share register commencing from the date of registration of the company shall be kept at the registered office of the company. The entry of the name of a person in the register of members as a holder of a share in a company is prima facie evidence that legal title in the shares vests in that person. Where a company keeps a copy of the register of members at its registered office, it shall within 15 days of any change in the register, notify the BVI registered agent of the company, in writing, of the change, and provide the BVI registered agent of the company with a written record of the physical address of the place or places at which the original register of members is kept. A company may elect to file for registration by the Registrar a copy of its register of members. Once filed, the company shall file any changes in the register by filing a copy of the register containing the changes with the Registrar until the company has filed a notice in the approved form to cease registration of changed in the register.

Accounting and auditing requirements A company must keep such accounts and records as are sufficient to show and explain the company's transactions and which will, at any time, enable the financial position of the company to be determined with reasonable accuracy. There is generally no obligation to have financial statement audited, unless the company is operating as a certain type of fund regulated by the Mutual Funds Act, 1996.

Liquidation The court has authority under the Insolvency Act of the British Virgin Islands to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

A company may enter into voluntary liquidation under the BVI Act if it has no liabilities or is able to pay its debts as they fall due. Where it is proposed to appoint a voluntary liquidator, the directors of the company must:

- (a) make a declaration of solvency in the approved form stating that, in their opinion, the company is and will continue to be able to discharge, pay or provide for its debts as they fall due; and
- (b) approve a liquidation plan specifying:
 - i. the reasons for the liquidation of the company;
 - ii. their estimate of the time required to liquidate the company;
 - iii. whether the liquidator is authorised to carry on the business of the company if he determines that to do so would be necessary or in the best interests of the creditors or members of the company;
 - iv. the name and address of each individual to be appointed as liquidator and the remuneration proposed to be paid to each liquidator; and
 - v. whether the liquidator is required to send to all members a statement of account prepared or caused to be prepared by the liquidator in respect of his actions or transactions.

Subject to certain exceptions in the BVI Act, a declaration of solvency is insufficient for the purposes of voluntary liquidation unless:

- (c) it is made on a date no more than four weeks earlier than the date of the resolution to appoint a voluntary liquidator; and
- (d) it has attached to it a statement of the company's assets and liabilities as at the latest practical date before the making of the declaration.

To be effective, a liquidation plan must be approved by the directors no more than six weeks prior to the date of the resolution to appoint a voluntary liquidator.

A director making a declaration of solvency without having reasonable grounds for the opinion that the company is and will continue to be able to discharge, pay or provide for its debts in full as they fall due, commits an offence and is liable on summary conviction to a fine of US\$10,000.

Subject to the provisions of the BVI Act, a voluntary liquidator may be appointed in respect of a company:

- (a) by a resolution of the directors; or
- (b) by a resolution of the members.

Taxation The company is exempt from all provisions of the Income Tax Act of the British Virgin Islands (including with respect to all dividends, interests, rents, royalties, compensation and other amounts payable by the company to persons who are not persons resident in the British Virgin Islands).

Capital gains realised with respect to any shares, debt obligations or other securities of a company by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Act of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligations or other securities of the company, save for interest payable to or for the benefit of an individual resident in the European Union.

Stamp Duty on Transfers The BVI Act exempts a business company from the provisions of the BVI Stamp Act and the Registration and Records Act in respect of all instruments or deeds relating to the business of the business company, including the transfer of all property to or by the business company and transactions in respect of its securities.

Exchange Control There are no exchange control regulations or currency restrictions in the BVI.

Yours faithfully,



Conyers Dill & Pearman

