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**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: 8182)**



**BNP Paribas Capital (Asia Pacific) Limited**

**PLACING OF EXISTING SHARES,  
SUBSCRIPTION FOR NEW SHARES AND  
RESUMPTION OF TRADING**

**Top-up Placing**

On 11 July 2007, Colpo and the Company entered into a conditional Placing Agreement with the Placing Agent, pursuant to which the Placing Agent would procure, on a best effort basis, purchasers to acquire, and Colpo would sell up to 179,091,000 existing Shares at a price of HK\$2.55 per Share. After deducting the costs and expenses in connection with the Placing, the net price per Placing Share will be approximately HK\$2.485.

On the same day, Colpo entered into a conditional Subscription Agreement with the Company for the subscription of up to 179,091,000 new Shares at the same price per Share. Completion of the Subscription is conditional upon, (i) completion of the Placing and (ii) the GEM Listing Committee granting the approval of the listing of and permission to deal in the new Shares to be issued under the Subscription.

The placing price of HK\$2.55 per Share represents a discount of approximately 15% to the closing price per Share of HK\$3.00 on 10 July 2007 (the last trading day prior to suspension of trading in the Shares pending the release of this announcement) and a discount of approximately 12.91% to the average closing price per Share of approximately HK\$2.928 as quoted on the Stock Exchange for the last five trading days up to and including 10 July 2007 and a discount of approximately 11.37% to the average closing price per Share of approximately HK\$2.877 as quoted on the Stock Exchange for the last ten trading days up to and including 10 July 2007.

As at the date of this announcement, the Placing Shares represent 20% of the existing issued share capital of the Company (which is the same as the issued share capital of the Company as at the day

the General Mandate was granted) and approximately 16.67% of the issued share capital of the Company as enlarged by the Subscription. The Placing Shares will be placed to at least six independent individual(s), professional, institutional and/or corporate investors. The Placees (and their respective ultimate beneficial owners) are independent of the Company and its connected persons and further are not parties acting in concert with Colpo. The shareholding percentage of Colpo and parties acting in concert with it in the Company will decrease from approximately 66.03% to approximately 46.03% upon completion of the Placing but before completion of the Subscription, and will be increased to approximately 55.03% upon completion of the Placing and the Subscription.

An application will be made to the GEM Listing Committee for the approval of the listing of, and permission to deal in, the new Shares to be issued pursuant to the Subscription. The net proceeds from the Subscription are estimated to be approximately HK\$445 million which will be applied as to approximately HK\$350 million as cash reserves to fund future investments or project development when appropriate opportunities are identified and as to approximately HK\$95 million as additional general working capital. Currently, apart from the proposed acquisition of Allied Resources Limited as announced by the Company on 10 April 2007, the Company has not identified any specific investment project.

As at the date of this announcement, a total of 179,091,000 existing Shares had been successfully placed out by the Placing Agent at the Placing Price.

### **Suspension and Resumption of Trading**

At the request of the Company, trading in the Shares on GEM has been suspended with effect from 9:30 a.m. on 11 July 2007 pending the issue of this announcement. Application has been made by the Company for the resumption of trading in the Shares on GEM with effect from 9:30 a.m. on 12 July 2007.

## **1. PLACING AGREEMENT DATED 11 JULY 2007**

### **Parties**

- (a) Colpo;
- (b) the Company; and
- (c) the Placing Agent.

The Placing Agent and its ultimate beneficial owner(s) are not acting in concert with Colpo or any parties acting in concert with Colpo. They do not own any Shares prior to the completion of the Placing, and are independent of the Company and its connected persons.

### **Placing Shares**

The Placing Agent will place up to 179,091,000 existing Shares, representing 20% of the existing issued share capital of the Company (which is the same as the issued share capital of the Company as at the day the General Mandate was granted) and approximately 16.67% of the issued share capital of the Company as enlarged by the Subscription, at the Placing Price on a best effort basis. As at the date of this announcement, a total of 179,091,000 existing Shares had been successfully placed out by the Placing Agent at the Placing Price.

## **Placing Price**

The placing price of HK\$2.55 per Share was arrived at after arm's length negotiation between the Company, Colpo and the Placing Agent. After deducting the costs and expenses in connection with the Placing, the net price per Placing Share will be approximately HK\$2.485.

The Placing Price represents a discount of approximately 15% to the closing price per Share of HK\$3.00 on 10 July 2007 (the last trading day prior to suspension of trading in the Shares pending the release of this announcement), a discount of approximately 12.91% to the average closing price per Share of approximately HK\$2.928 as quoted on the Stock Exchange for the last five trading days up to and including 10 July 2007 and a discount of approximately 11.37% to the average closing price per Share of approximately HK\$2.877 as quoted on the Stock Exchange for the last ten trading days up to and including 10 July 2007. The Placing Agent will charge a commission of 2% of the amount equal to the Placing Price multiplied by the number of Placing Shares.

The Placing Price and the placing commission were determined after arm's length negotiation between the Company and the Placing Agent which have taken into account recent market price of the Shares as mentioned above and the current market condition and the Directors (including the independent non-executive Directors) consider that the Placing Price and the placing commission to be fair and reasonable.

## **Rights of the Placing Shares**

The Placing Shares are sold free from all liens, charges and encumbrances, claims, options and third party rights and together with all rights attaching thereto as at the Placing Completion Date, including the right to receive all dividends or other distributions declared, made or paid on the Placing Shares at any time on or after the Placing Completion Date.

## **Independence of the Placees**

The Placing Shares will be placed at the Placing Price on a best effort basis to at least six Placees, being independent individual(s), professional, institutional and/or corporate investors, who and whose ultimate beneficial owners are independent of the Company and its connected persons and further are not parties acting in concert with Colpo. No Placee will become a substantial Shareholder immediately following completion of the Placing.

## **Condition of the Placing**

Completion of the Placing is conditional upon:

- (a) trading in the Shares on the Stock Exchange not having been suspended for any single consecutive period of more than three Business Days during any time prior to completion of the Placing (save for any temporary suspension for the purpose of clearance of this announcement or other announcement(s) in respect of the Placing, the Subscription or the Placing Agreement by the Stock Exchange and/or the Securities and Futures Commission); and
- (b) there being no breach of any of the warranties, representations and/or undertakings given by Colpo and by the Company under the Placing Agreement.

## **Termination events**

The Placing Agreement contains provision granting the Placing Agent the right to terminate the Placing Agreement on the occurrence of certain events including force majeure occurring prior to completion of the Placing. For this purpose, force majeure includes any event, development or change resulting in a material prospective adverse change in political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's sole and absolute opinion would materially adversely affect the Company or the Group or prejudice the success of the Placing or would otherwise make the Placing inadvisable or inexpedient. If the Placing Agent exercises such right at any time prior to 9:30 a.m. on the Placing Completion Date (which is expected to be on or about 16 July 2007), the Placing will not proceed.

## **Completion of the Placing**

Subject to the fulfillment of the conditions mentioned above, the parties expect that the Placing will be completed on or about 16 July 2007.

## **Lock-up period**

Colpo undertakes to the Placing Agent that it will procure that, save with the prior written consent of the Placing Agent (which consent shall not be unreasonably withheld), no transfer or disposal of, or grant or creation of any interests or rights of any nature in respect of, any interest in any Shares (other than the Placing Shares) owned by it (legally or beneficially) or any company which is Colpo's holding company or subsidiary, or subsidiary of any such holding company, or directly or indirectly controlled by any of them, or in which any such person is interested, at the date of the Placing Agreement falling three months from the date of the Placing Agreement.

The Company also undertakes to the Placing Agent not to offer, issue, sell or contract to sell, issue options in respect of or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Shares or any other securities exercisable or exchangeable for or convertible into, or substantially similar to, the Shares or enter into any transaction with the same economic effect as any of the foregoing for a period of three months from the date of the Placing Agreement, without the prior written consent of the Placing Agent (which consent shall not be unreasonably withheld).

## **2. SUBSCRIPTION AGREEMENT DATED 11 JULY 2007**

### **Parties**

- (a) Colpo; and
- (b) the Company.

### **The new Shares**

Up to 179,091,000 new Shares, representing 20% of the existing issued share capital of the Company and the issued share capital of the Company as at the day the General Mandate was granted and approximately 16.67% of the issued share capital of the Company as enlarged by the Subscription.

## **The Subscription Price**

The subscription price of HK\$2.55 per Share which is equivalent to the Placing Price and will generate net proceeds of up to approximately HK\$445 million from the Subscription.

## **Mandate to issue new Subscription Shares**

The 179,091,000 new Shares will be allotted and issued pursuant to the General Mandate to issue up to 179,091,000 Shares. The Company has not issued any Shares pursuant to the General Mandate so far. As at the date of this announcement, the General Mandate comprised 179,091,000 Shares. An application will be made to the GEM Listing Committee for the approval of the listing of, and permission to deal in, the new Shares to be issued pursuant to the Subscription.

## **Ranking of the new Shares**

The 179,091,000 new Shares, when issued and fully paid, will rank equally with the existing Shares in issue as at the date of issue of the new Shares including the right to receive all future dividends and distributions which may be declared, made or paid.

## **Condition of the Subscription**

Completion of the Subscription is conditional upon:

- (a) completion of the Placing; and
- (b) the GEM Listing Committee granting the approval of the listing of, and permission to deal in, the new Shares to be issued pursuant to the Subscription.

## **Completion of the Subscription**

Subject to fulfillment of the above conditions, completion of the Subscription will take place on or before the third business day after the date when all the conditions set out above are satisfied or such later date as the Company and Colpo may agree in writing. If the conditions of the Subscription are not fulfilled on or before 25 July 2007 (or such other date or time as may be agreed between the Company and Colpo), then Colpo and the Company shall not be bound to proceed with the subscription and allotment and issue of the new Shares under the Subscription Agreement and such agreement shall cease to be of any effect save in respect of claims arising out of any antecedent breach of the Subscription Agreement.

According to the requirements set out in the GEM Listing Rules, if the Subscription is not completed within 14 days after the date of the Placing Agreement, the Subscription would constitute a connected transaction for the Company under the GEM Listing Rules and Shareholders' approval will be required for the Subscription and the relevant provisions of the GEM Listing Rules in relation to connected transaction will apply. Further announcement will be made if this occurs.

### 3. EFFECT ON THE SHAREHOLDING FOLLOWING COMPLETION OF THE PLACING AND THE SUBSCRIPTION

The shareholdings in the Company before and after the Placing and Subscription are summarised as follows:

Shareholder	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Colpo ( <i>Note</i> )	591,270,000	66.03	412,179,000	46.03	591,270,000	55.03
Public Shareholders	304,185,000	33.97	483,276,000	53.97	483,276,000	44.97
Total	<u>895,455,000</u>	<u>100.00</u>	<u>895,455,000</u>	<u>100.00</u>	<u>1,074,546,000</u>	<u>100.00</u>

*Note:* The entire issued share capital of Colpo is beneficially wholly-owned by Mr. Chan Wing Him, Kenny, the chairman and an executive Director of the Company.

### 4. REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the business of provision of network infrastructure solutions and services. It is the long term strategy of the Group to further develop and diversify its information technology related business and to explore into more resources related projects such as the CO<sub>2</sub> sequestration project described below.

CO<sub>2</sub> is a strong dissolving agent when mixed with oil in reservoir. CO<sub>2</sub> will either be miscible or immiscible with oil in different pressure, temperature and concentration. Worldwide, there are many successful CO<sub>2</sub> related injection into oil pool for the enhanced recovery. Majority of the operations are in the United States of America where CO<sub>2</sub> supply is abundant from natural sources. One of the major CO<sub>2</sub> capture from industry sources and used in enhanced oil recovery is Weyburn Project in Saskatchewan, Canada. This project is the pilot CO<sub>2</sub> sequestration project related to enhanced oil recovery to demonstrated large volume of CO<sub>2</sub> can be injected and additional oil can be recovered using CO<sub>2</sub> captured from industry sources.

The Board considers that the future of the resources related pursuit of the Company will benefit from the expected continuous growth in the enviro-energy and resources market. The Group is constantly pursuing business expansion strategy which requires additional capital when opportunities arise. The net proceeds from the Subscription are estimated to be approximately HK\$445 million which will be applied as to approximately HK\$350 million as cash reserves to fund future investments or project development when opportunities are identified and as to approximately HK\$95 million as additional general working capital. Currently, apart from the proposed acquisition of Allied Resources Limited mentioned above, the Company has not identified any specific investment project. The Directors consider that equity financing has merits over debt financing to fund its capital needs as the former could broaden the Shareholder base of the Company without creating any interest cost on the Company.

When comparing the various equity financing methods, the Directors perceive that the Placing would enable the Company to raise funds in a more commercially expedient time-frame and would preserve Shareholders' value due to the relatively small dilution effect on shareholdings. Moreover, the Directors consider that the Placing and the Subscription will strengthen the capital base of and the financial position of the Company. Hence, the Directors decided to conduct the Placing and the Subscription to raise fund. In view of the above, the Directors (including the independent non-executive Directors) are of the view that the Placing and the terms are fair and reasonable (including the placing commission, timing of the Placing and the Placing Price) and in the interests of the Company and its Shareholders as a whole.

Save and except for the placing of 24,000,000 Old Shares and 49,995,000 Shares (as disclosed in the announcement issued by the Company on 23 January 2007 and 14 May 2007 respectively), the completion of which took place on 26 February 2007 and 28 May 2007 respectively, the Company has not conducted any equity fund-raising activities in the 12 months preceding the date of this announcement. The Company had raised total net proceeds of approximately HK\$48.65 million from the two aforesaid placing exercises and the intended use of the proceeds was not changed. The net proceeds of approximately HK\$9.40 million raised from the first placing which was completed on 26 February 2007 has been fully utilized. The net proceeds of approximately HK\$39.25 million raised from the second placing which was completed on 28 May 2007 has been deposited in bank for future intended use in the proposed acquisition of Allied Resources Limited as mentioned above and the balance for general working capital of the Group and funding for future investments or project developments when appropriate opportunities are identified.

## **5. SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares on GEM has been suspended with effect from 9:30 a.m. on 11 July 2007 pending the issue of this announcement. Application has been made by the Company for the resumption of trading in the Shares on GEM with effect from 9:30 a.m. on 12 July 2007.

## **6. DEFINITIONS**

“acting in concert”	has the meaning as defined in the Takeovers Code
“associate”	has the meaning as defined in the GEM Listing Rules
“Board”	the board of directors of the Company
“Colpo”	Colpo Mercantile Inc., a company incorporated in the British Virgin Islands with limited liability, the controlling shareholder of the Company and the entire issued share capital of which is solely and beneficially owned by Mr. Chan Wing Him, Kenny, the chairman and an executive Director of the Company
“Company”	Enviro Energy International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“connected persons”	has the meaning as defined in the GEM Listing Rules

“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to such term in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors at the extraordinary general meeting of the Company held on 10 July 2007
“Group”	the Company and its subsidiaries and associated company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Old Shares”	old ordinary share(s) of HK\$0.01 each in the share capital of the Company before the Share Subdivision became effective on 18 April 2007
“Placee(s)”	any individual(s), professional or institutional/corporate investor(s) procured by the Placing Agent to purchase for any of the Placing Shares on a best effort basis pursuant to the Placing Agreement
“Placing”	placement of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	BNP Paribas Capital (Asia Pacific) Limited, the placing agent to Colpo for the Placing
“Placing Agreement”	the placing agreement dated 11 July 2007 between the Company, Colpo and the Placing Agent in respect of the Placing
“Placing Completion Date”	the date of completion of the Placing Agreement
“Placing Price”	price payable for the Placing Shares at HK\$2.55 per Share
“Placing Shares”	up to 179,091,000 existing Shares available for the Placing
“Share(s)”	ordinary share(s) of HK\$0.005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Subdivision”	subdivision of every issued and unissued Old Share into two Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the conditional subscription by Colpo of up to 179,091,000 new Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 11 July 2007 between Colpo and the Company in respect of the Subscription
“Subscription Price”	price payable for the new Shares in respect of the Subscription at HK\$2.55 per Share
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent

By order of the Board  
**Enviro Energy International Holdings Limited**  
**Chan Wing Him, Kenny**  
*Chairman*

Hong Kong, 11 July 2007

*As at the date of this announcement, the executive Directors are Mr. Chan Wing Him Kenny and Mr. Chan Man Ching, and the independent non-executive Directors are Mr. Lo Chi Kit, Mr. Poon Lai Yin, Michael and Mr. Tam Hang Chuen.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days and the website of the Company at [www.enviro-energy.com.hk](http://www.enviro-energy.com.hk).*