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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)*

Website: <http://www.enviro-energy.com.hk>

(Stock Code: 8182)

**PROPOSED INCREASE IN CONTROLLING STAKE IN  
TERRAWEST ENERGY CORP. FROM 65.67% TO 80.69%**

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules to provide information on the Proposed Subscription.

The Board is pleased to announce that the Company, through Aces Diamond, its wholly-owned subsidiary, is in the process of finalising with TWE, its non wholly-owned subsidiary, the proposed increase in controlling stake in TWE for C\$19,800,000 (equivalent to approximately HK\$150,480,000). The Company, through Aces Diamond and Chavis, currently holds approximately 61.07% of the issued common shares and preferred shares in the capital of TWE, or approximately 65.67% of the issued common shares, preferred shares, warrants and options outstanding in the capital of TWE on a fully diluted basis, respectively. The Company proposes to subscribe, through Aces Diamond, for 90 million Units. Immediately after the Proposed Subscription, the controlling interests of the Company in TWE will increase from approximately 61.07% to 71.61% of the issued common shares and preferred shares in the capital of TWE. Assuming immediately after the Proposed Subscription and all warrants are exercised in full, the controlling interests of the Company in TWE will increase from approximately 65.67% to 80.69% of the issued common shares, preferred shares, warrants and options outstanding in the capital of TWE on a fully diluted basis.

The Proposed Subscription, if materialised, will constitute a notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules. Where applicable, the Company will issue further announcement(s) in respect of the Proposed Subscription and comply with the requirements under the GEM Listing Rules.

**The Proposed Subscription is subject to, among others, approval by the shareholders of TWE and the entering into of legally binding subscription agreement, and may or may not materialise. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules to provide information on the Proposed Subscription.

**Proposed Subscription**

The Board is pleased to announce that the Company, through Aces Diamond, its wholly-owned subsidiary, is in the process of finalising with TWE, its non wholly-owned subsidiary, the proposed increase in controlling stake in TWE for C\$19,800,000 (equivalent to approximately HK\$150,480,000). The Company proposes to subscribe, through Aces Diamond, for 90 million Units. Each Unit consists of one TWE Share and two warrants.

The purpose of the Proposed Subscription is to raise capital for TWE in order to execute the 2010 annual drilling program and to meet TWE's obligations under the PSC.

### **Reasons for the Proposed Subscription**

On-going leadership in the financing of TWE's treasury provides excellent leverage for the Group based on the business fundamentals and energy needs of China. China is considered one of the world's largest and fastest growing consumer markets for natural gas and also holds the largest estimated CBM resources (unconventional natural gas) in the world. Forecast demand for natural gas outstrips supply in China by a wide margin and the development of CBM and other unconventional natural gas resources is highly sought after, encouraged and supported by the central government. The rationale for investing in this sector is compelling and TWE in particular is well positioned to compete and succeed in the sector. The Group is able to deliver leading CBM and conventional natural gas exploration and production technology through internal knowledge and experience as well as through strategic alliances with world-class service providers.

The Directors believe that there is strong and growing interest in the development of CBM and unconventional natural gas resources globally following the enormous success of CBM and unconventional natural gas developments in North America and Australia.

Based on the foregoing, the Directors consider that after the completion of the Proposed Subscription, it is expected that TWE will contribute a stable stream of income and cashflow in the long run and accelerate the pace of business expansion of the Group. The Proposed Subscription is also expected to increase the earnings and substantially enlarge the net asset value of the Group in the long term while further contributing to the accomplishment of the Group's strategic objectives.

The Directors believe that the terms of the Proposed Subscription are fair and reasonable and in the best interest of the Company and its shareholders as a whole.

### **Effect of the Proposed Subscription**

The Company, through Aces Diamond and Chavis, currently holds approximately 61.07% of the issued common shares and preferred shares in the capital of TWE, or approximately 65.67% of the issued common shares, preferred shares, warrants and options outstanding in the capital of TWE on a fully diluted basis, respectively. Immediately after the Proposed Subscription, the controlling interests of the Company in TWE will increase from approximately 61.07% to 71.61% of the issued common shares and preferred shares in the capital of TWE. Assuming immediately after the Proposed Subscription and all warrants are exercised in full, the controlling interests of the Company in TWE will increase from approximately 65.67% to 80.69% of the issued common shares, preferred shares, warrants and options outstanding in the capital of TWE on a fully diluted basis.

### **General information of the Group**

The Group is principally engaged in investment holding and development of environmental energy-related projects involving conventional oil, unconventional natural gas and state-of-the-art oil and gas related environmental technologies. The Group's business objective is to create its shareholders' value by developing conventional and unconventional energy resources around the world.

### **General information of TWE**

TWE is a CBM and natural gas exploration and development company, which holds a 47% interest in a CBM production sharing contract located adjacent to Urumqi, Xinjiang, China. The project area covers approximately 653 square kilometers (255 square miles; approximately 162,000 acres) in the Junggar Basin of Xinjiang. The size of the PSC area, its location in the prospective Junggar Basin and proximity to existing pipeline infrastructure make the Liuhuanggou Project a very attractive investment opportunity. TWE has been exploring the PSC area since 2006 and recently completed an evaluation of the CBM resources for the coal seams in a portion of its Liuhuanggou Project lands which provided a best estimate of discovered gas initially in place (GIIP) of 26.7 billion cubic feet per square mile for the Jurassic Xishanyao

(J2X) and Jurassic Badaowan (J1B) coal seams in aggregate. The report is compliant with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (NI 51-101) and Canadian Oil and Gas Evaluation (COGE) Handbook. For the latest update of TWE and the Liuhuanguo Project, please refer to the Company's announcements published on 21 June 2010, 26 May 2010 and 18 January 2010, respectively. For a comparison of the CBM reservoir characteristics of the Junggar Basin and other major producing basins in the world, please refer to the Company's announcement published on 26 May 2010.

The remaining 53% of the PSC is held by CUCBM and the contract is administered by PetroChina Coalbed Methane Company Ltd. (PCCBM).

#### **GEM Listing Rules implications**

The Proposed Subscription, if materialised, will constitute a notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules. Where applicable, the Company will issue further announcement(s) in respect of the Proposed Subscription and comply with the requirements under the GEM Listing Rules.

**The Proposed Subscription is subject to, among others, approval by the shareholders of TWE and the entering into of legally binding subscription agreement, and may or may not materialise. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

#### **DEFINITIONS**

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

“Aces Diamond”	Aces Diamond International Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company;
“Board”	the board of Directors;
“C\$”	Canadian dollars, the lawful currency of Canada;
“CBM”	coalbed methane;
“Chavis”	Chavis International Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company;
“China”	the People's Republic of China;
“Company”	Enviro Energy International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM;
“CUCBM”	China United Coalbed Methane Corp., Ltd.;
“Director(s)”	the director(s) of the Company;
“GEM”	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited;

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries and jointly-controlled entity;
“HK\$”	Hong Kong Dollars, the lawful currency for the time being of Hong Kong;
“PSC”	the production sharing contract dated 30 December 2005 entered into between TWE and CUCBM;
“Proposed Subscription”	the proposed subscription for 90 million Units for C\$19,800,000 (equivalent to approximately HK\$150,480,000);
“TWE”	TerraWest Energy Corp., a company incorporated in British Columbia, Canada and a non wholly-owned subsidiary of the Company;
“TWE Share(s)”	common share(s) without par value in the capital of TWE;
“Unit(s)”	units being offered under the Proposed Subscription, each unit being comprised of one TWE Share and two warrants; and
%	per cent.

*For the purpose of this announcement and for reference only, exchange rate of C\$1.00 to HK\$7.6 has been adopted.*

By order of the Board  
**Enviro Energy International Holdings Limited**  
**Chan Wing Him Kenny**  
*Chairman and Chief Executive Officer*

Hong Kong, 30 June 2010

As at the date of this announcement, the Directors are:

**Executive Directors**

Mr. Chan Wing Him Kenny  
Dr. Arthur Ross Gorrell

**Independent non-executive Directors**

Mr. David Tsoi  
Mr. Lo Chi Kit  
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 website of GEM at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of publication and the website of the Company at [www.enviro-energy.com.hk](http://www.enviro-energy.com.hk).*