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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)**

**ANNOUNCEMENT**

**POTENTIAL ACQUISITION OF SHARES IN TERRAWEST ENERGY CORP.  
AND  
RESUMPTION OF TRADING**

Reference is made to the announcement of the Company on 28 January 2008 in relation to the Potential Acquisition.

The Board is pleased to announce that Rich Concept, a wholly-owned subsidiary of the Company, has entered into the Letter of Intent with the Prospective Vendor after trading hours on 11 March 2008 in respect of the Potential Acquisition.

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

**Shareholders and/or investors should note that the Potential Acquisition may or may not proceed, as no formal binding sale and purchase agreement has been executed between the parties and discussions are still in process. Accordingly, Shareholders and/or investors are advised to exercise caution when dealing in the Shares.**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 12 March 2008 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 14 March 2008.

Reference is made to the announcement of the Company on 28 January 2008 in relation to the Potential Acquisition.

## **BACKGROUND**

On 10 March 2008, the Stock Exchange, in view of the decrease in price and increase in trading volume of the Shares, requested the Company to issue an announcement on such unusual movement in price and trading volume. In view of the fact that (i) as of 10 March 2008, the Company was in negotiation of the Letter of Intent, of which no material terms have been fixed and the subject matter being the Potential Acquisition may or may not constitute a notifiable transaction under the GEM Listing Rules; (ii) and that the Potential Acquisition has been previously disclosed in the announcement of the Company on 28 January 2008, a standard announcement was issued on 10 March 2008, in which it was disclosed that the Board was not aware of any reasons for the changes in prices and trading volume of the Shares.

It was only after trading hours on 11 March 2008 that the material terms of the Letter of Intent were agreed upon by Rich Concept and the Prospective Vendor which resulted in the Potential Acquisition being constituted as a possible notifiable transaction.

The Board is pleased to announce that Rich Concept, a wholly-owned subsidiary of the Company, has entered into the Letter of Intent with the Prospective Vendor after trading hours on 11 March 2008 in respect of the Potential Acquisition. Details of the Letter of Intent are set out below.

## **THE LETTER OF INTENT**

Date: 11 March 2008

Parties: 1. Rich Concept, as the prospective purchaser  
2. Chavis International Limited, as the prospective vendor

### **Assets to be acquired**

Shares of TerraWest held by the Prospective Vendor, representing a certain percentage of the issued share capital of TerraWest. Such percentage is to be determined upon executing the formal sale and purchase agreement relating to the Potential Acquisition.

### **Consideration**

The consideration for the Potential Acquisition is estimated to be approximately US\$12 million (equivalent to approximately HK\$93.6 million), subject to adjustment, which shall be settled by Rich Concept partly in cash and partly by the issue of new Shares.

## **INFORMATION ON TERRAWEST**

TerraWest is a privately owned CBM development company established by premier coal/CBM consultants in Canada. These consultants are the principals of Norwest Corporation, an international CBM and energy consulting company based in Calgary, Alberta. TerraWest currently owns a production sharing contract (the “**Production Sharing Contract**”) with China United Coalbed Methane Corporation covering approximately 655 square kilometres (approximately 162,000 acres) in Xinjiang Junggar Basin in the PRC. It is the first and only CBM production sharing contract in the PRC on the lands of PetroChina Company Limited (“**PetroChina**”), whose “H” shares and American depository shares are listed on the Stock Exchange and the New York Stock Exchange, Inc. respectively.

The Xinjiang Junggar Basin lies in the northwest corner of the PRC, and is highly prospective for CBM reserves due to its thick coal and high gas content.

In addition to vast gas reserves, the project area of the Production Sharing Contract is linked to the east-west gas pipeline owned and operated by PetroChina. This pipeline is the key transportation vehicle in moving gas from the western part of China, where resources are rich, to the densely populated and industrialized eastern part of China. Spanning over 10 provinces in the PRC, the annual gas transmission capacity is estimated by PetroChina at 420 billion cubic feet.

## **GENERAL**

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

The Potential Acquisition will not result in change in control of the Company.

**Shareholders and/or investors should note that the Potential Acquisition may or may not proceed, as no formal binding sale and purchase agreement has been executed between the parties and discussions are still in process. Accordingly, Shareholders and/or investors are advised to exercise caution when dealing in the Shares.**

The Company will keep the public informed of the progress of the Potential Acquisition and further announcement will be made as and when necessary.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 12 March 2008 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 14 March 2008.

## **DEFINITIONS**

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

“Board”	the board of Directors
“CBM”	coal-bed methane
“Company”	Enviro Energy International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“Letter of Intent”	the non-legally binding letter of intent relating to the proposed sale and purchase of shares of TerraWest entered into between Rich Concept and the Prospective Vendor, on 11 March 2008
“PRC”	the People’s Republic of China
“Potential Acquisition”	the potential acquisition of shares of TerraWest by Rich Concept
“Prospective Vendor”	Chavis International Limited, an independent third party of the Company
“Rich Concept”	Rich Concept Technology Limited, a wholly-owned subsidiary of the Company
“Share(s)”	the share(s) of HK\$0.0025 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TerraWest”	TerraWest Energy Corp., a company incorporated under the laws of British Columbia, Canada
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 13 March 2008

*As at the date of this announcement, the executive Directors of the Company are Mr. Chan Wing Him Kenny and Mr. Chan Man Ching, the non-executive Director is Dr. Arthur Ross Gorrell, and the independent non-executive Directors are Mr. Poon Lai Yin, Michael, Mr. Lo Chi Kit 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 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).*