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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Enviro Energy International Holdings Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF SHARES IN TERRAWEST ENERGY CORP.
INVOLVING ALLOTMENT AND ISSUE OF NEW SHARES**

Financial adviser to the Company



This circular does not constitute, or form part of, an offer or invitation, or solicitation or inducement of an offer, to subscribe for or purchase any of the Shares or other securities of the Company, nor is this circular circulated to invite offers for any Shares or other securities of the Company.

A letter from the Board is set out on pages 5 to 13 of this circular.

28 July 2008

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings respectively:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser pursuant to the Agreement
“Agreement”	the agreement relating to the sale and purchase of the Sale Shares entered into between the Purchaser and the Vendor on 9 July 2008
“Allotment Date”	90 days after the date of Completion when the Consideration Shares shall be allotted and issued to the Vendor pursuant to the Agreement
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business
“CAD”	Canadian dollars, the lawful currency of Canada
“CBM”	coal bed methane
“Colpo”	Colpo Mercantile Inc., a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is solely and beneficially owned by Mr. Chan, and a controlling Shareholder
“Company”	Enviro Energy International Holdings Limited, incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“connected person”	has the same meaning as ascribed to it in the GEM Listing Rules
“Consideration”	the consideration for the Acquisition pursuant to the Agreement
“Consideration Shares”	being 93,600,000 new Shares to be allotted and issued at an issue price of HK\$0.25 per Share, credited as fully paid, to satisfy part of the Consideration, on the Allotment Date and “Consideration Share” shall be construed accordingly

DEFINITIONS

“controlling shareholder(s)”	has the same meaning as ascribed to it under the GEM Listing Rules
“CO ₂ ”	carbon dioxide
“CUCBM”	China United Coalbed Methane Corporation
“Directors”	the directors of the Company
“Dr. Gorrell”	Dr. Arthur Ross Gorrell, an executive Director
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing committee for GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guarantor”	Cheng Miu Fong, the sole beneficial owner of the Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	9 July 2008, being the last trading day before the publication of the announcement of the Company dated 11 July 2008
“Latest Practicable Date”	25 July 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion therein
“Letter of Intent”	the letter of intent dated 11 March 2008 entered into between the Purchaser and the Vendor
“Main Board”	the stock market operated by the Stock Exchange other than GEM (excluding the option market)
“Mr. Chan”	Mr. Chan Wing Him, Kenny, an executive Director, the chairman and chief executive officer of the Company and the ultimate beneficial owner of Colpo
“Petromin”	Petromin Resources Limited, a company listed on the Toronto Stock Exchange Venture Board, which is principally engaged in acquiring and developing oil and gas properties

DEFINITIONS

“PRC”	the People’s Republic of China
“PSC”	a production sharing contract dated 30 December 2005, which is interested in as to 47% by TerraWest and 53% by CUCBM
“Purchaser”	Rich Concept Technology Limited, a wholly-owned subsidiary of the Company
“Sale Shares”	108,000,000 issued common voting shares without par value in the capital of TerraWest comprising approximately 67.08% of the existing issued and outstanding common voting shares of TerraWest or approximately 48.65% of the enlarged issued and outstanding common voting shares of TerraWest upon full conversion of the existing preferred shares and warrants of TerraWest as of the Latest Practicable Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	the post-IPO share option scheme adopted by the Company on 25 January 2003
“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
“substantial shareholders”	has the same meaning as ascribed to it under the GEM Listing Rules
“TerraWest”	TerraWest Energy Corp., a company incorporated in Canada with limited liability
“Vendor”	Chavis International Limited, a company incorporated in the British Virgin Islands with limited liability
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

Unless otherwise specified in this circular, translations of US\$ into HK\$ and CAD to HK\$ are made in this circular, for illustration purpose only, at the rates of US\$1.00 to HK\$7.80 and CAD1.00 to HK\$7.956, respectively.

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.



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(Incorporated in the Cayman Islands with limited liability)

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

(Stock Code: 8182)

Executive Directors:

Chan Wing Him, Kenny

(Chairman and Chief Executive Officer)

Arthur Ross Gorrell

Independent Non-Executive Directors:

David Tsoi

Lo Chi Kit

Tam Hang Chuen

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of Business in Hong Kong:*

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Registered Office:

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Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

28 July 2008

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION
ACQUISITION OF SHARES IN TERRAWEST ENERGY CORP.
INVOLVING ALLOTMENT AND ISSUE OF NEW SHARES**

A. INTRODUCTION

On 11 July 2008, the Company announced that the Purchaser had on 9 July 2008 entered into the Agreement with, among others, the Vendor pursuant to which the Purchaser agreed to acquire from the Vendor the Sale Shares, representing approximately 67.08% of the existing issued and outstanding common voting shares of TerraWest or approximately 48.65% of the enlarged issued and outstanding common voting shares of TerraWest upon full conversion of all the existing preferred shares and warrants of TerraWest as of the Latest Practicable Date at a total consideration of US\$9.6 million (equivalent to approximately HK\$74.88 million) which shall be satisfied by the Purchaser by payment of cash of US\$6.6 million (equivalent to approximately HK\$51.48 million) and the allotment and issue of the Consideration Shares at an issue price of HK\$0.25 per Consideration Share to the Vendor.

LETTER FROM THE BOARD

The Acquisition constitutes a discloseable transaction of the Company under Rule 19.06 of the GEM Listing Rules.

The purpose of this circular is to provide you with further details of the Acquisition and other information as required by the GEM Listing Rules.

B. THE AGREEMENT

Date: 9 July 2008 (after trading hours)

Parties:

1. Purchaser: Rich Concept Technology Limited, a wholly-owned subsidiary of the Company
2. Vendor: Chavis International Limited
3. Guarantor: Cheng Miu Fong

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor and the Guarantor are third parties independent of the Company and its connected persons.

Assets to be acquired

The Sale Shares, representing approximately 67.08% of the existing issued and outstanding common voting shares of TerraWest or approximately 48.65% of the enlarged issued and outstanding common voting shares of TerraWest upon full conversion of all the existing preferred shares and warrants of TerraWest as of the Latest Practicable Date.

After Completion, assuming no conversion of any of the existing preferred shares and warrants of TerraWest into common voting shares of TerraWest, TerraWest will be considered as a non wholly-owned subsidiary of the Company and its financial statements will be consolidated into the accounts of the Company, subject to confirmation by the Company's auditors.

Consideration

The total consideration for the Acquisition is US\$9.6 million (equivalent to approximately HK\$74.88 million), which shall be settled by the Purchaser in the following manner:

1. US\$3 million (equivalent to approximately HK\$23.4 million) refundable deposit (the "**Deposit**") paid by the Purchaser to the Vendor prior to the date of this circular pursuant to the Letter of Intent shall be applied as part of the Consideration on Completion;
2. US\$3.6 million (equivalent to approximately HK\$28.08 million) shall be paid by cashier's order to the Vendor as part of the Consideration on Completion; and

LETTER FROM THE BOARD

3. US\$3 million (equivalent to approximately HK\$23.4 million) shall be satisfied by the allotment and issue of 93,600,000 new Shares at HK\$0.25 per Consideration Share on the Allotment Date.

The Deposit, together with the interests accrued on the Deposit at the best lending rate of The Hongkong and Shanghai Banking Corporation Limited on the date of the Agreement from the date of payment of the Deposit up to and including the date of such refund to the Purchaser, shall be refunded to the Purchaser in full if Completion should fail to occur for any reason not attributable to the default of either party.

The Consideration has been arrived at after arm's length negotiation between the parties to the Agreement with reference to (1) the Group's internal assessment on TerraWest taking into account the value of the PSC with reference to similar acquisition of companies with CBM projects in the PRC; (2) the future business prospects of TerraWest; (3) the strategic value of TerraWest on the future development of the Group; and (4) the potential business opportunities that can be provided to the Group.

The Company intends to finance the cash consideration with internal financial resources and/or funds raised from previous equity placements.

Consideration Shares

The issue price of HK\$0.25 per Consideration Share represents (i) a discount of approximately 39.76% to the closing price of HK\$0.415 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 27.75% to the 5-day average closing price of approximately HK\$0.346 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day. The total market value of the Consideration Shares amounted to approximately HK\$38.844 million based on the closing price of HK\$0.415 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Consideration Shares comprise 93,600,000 new Shares, which represent approximately 4.01% of the Company's existing issued share capital as of the Latest Practicable Date and approximately 3.85% of the Company's enlarged issued share capital after the allotment and issue of the Consideration Shares on the Allotment Date.

The Consideration Shares will be issued, credited as fully paid, to the Vendor on the Allotment Date pursuant to the existing general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 21 January 2008 under which up to 20% of the aggregate nominal amount of the share capital of the Company in issue on that date can be allotted and issued (the "**General Mandate**"). As of 21 January 2008, the number of issued Shares were 2,226,080,800. Therefore, the Directors were authorised to allot and issue up to 445,216,160 Shares under the General Mandate. As of the Latest Practicable Date, 100% of the General Mandate (representing 445,216,160 Shares) has not been utilised and is therefore sufficient to cover the Consideration Shares to be allotted and issued on the Allotment Date.

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The Consideration Shares, when issued, will rank pari passu with the existing issued fully-paid Shares including the right to receive in full all dividends and other distributions declared after the date of allotment of the Consideration Shares.

The Company has applied to the GEM Listing Committee for the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange.

Restrictions on the sale of the Consideration Shares

The Consideration Shares shall be subject to a lock-up period of 12 months from the Allotment Date, during which the Consideration Shares shall not be transferred, sold, lent, charged, mortgaged, otherwise used as security or otherwise encumbered.

Conditions precedent

Completion is subject to the fulfillment or waiver of the following conditions:

1. the Purchaser, being satisfied, at its absolute discretion, with the results of the due diligence conducted by the Purchaser on TerraWest;
2. the Purchaser being satisfied with a legal opinion (in the terms approved by the Purchaser) and addressed to the Purchaser by qualified lawyers in Canada on matters relating to TerraWest;
3. the delivery by the Vendor to the Purchaser of a copy of the management accounts for the period 1 January 2008 to 30 June 2008 (certified as true and accurate by the sole director of the Vendor) and the audited financial statements of TerraWest for the three financial years ended 31 December 2007;
4. the passing of the relevant resolutions of the respective boards of directors of the Purchaser and the Company for approving, among others, the Agreement and transactions contemplated therein;
5. the passing of the relevant resolutions of the sole director of the Vendor for approving, among others, the Agreement and transactions contemplated therein;
6. all liabilities, except for the accounts payable and accrued liabilities disclosed in item 3 above, of TerraWest having been settled by the Vendor (not sourced from any asset within TerraWest) and TerraWest will be free of any liability upon Completion;
7. the approval for the listing of, and permission to deal in, the Consideration Shares having been granted by the GEM Listing Committee; and
8. if required, the relevant authorities in Canada approving the transactions contemplated in the Agreement.

As at the Latest Practicable Date, conditions 4 and 7 above have been fulfilled.

LETTER FROM THE BOARD

Completion

Completion will take place on the next Business Day on which the last of the outstanding conditions above have been fulfilled or waived or such other date being not later than 31 August 2008 or such other date as is agreed in writing by the parties.

Change in shareholding structure of the Company

Assuming no further Shares are issued and/or repurchased by the Company before the Allotment Date, the shareholding structure of the Company as of the Latest Practicable Date and immediately after the Allotment Date is as follows:

Name of Shareholders	As at the Latest Practicable Date		Upon allotment and issue of Consideration Shares on Allotment Date	
	<i>No. of Shares</i>	%	<i>No. of Shares</i>	%
	<i>No. of Shares</i>	%	<i>No. of Shares</i>	%
Colpo (1)	1,183,180,000	50.63	1,183,180,000	48.68
Vendor (2)	–	–	93,600,000	3.85
Public Shareholders	<u>1,153,700,800</u>	<u>49.37</u>	<u>1,153,700,800</u>	<u>47.47</u>
	<u><u>2,336,880,800</u></u>	<u><u>100.00</u></u>	<u><u>2,430,480,800</u></u>	<u><u>100.00</u></u>

Notes:

- (1) The entire issued share capital of Colpo is beneficially owned by Mr. Chan.
- (2) Upon the allotment and issue of the Consideration Shares to the Vendor on the Allotment Date, the Vendor shall be classified as a public Shareholder.

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C. INFORMATION ON THE GROUP

The Group is principally engaged in energy production projects, including exploration, exploitation and extraction of oil, natural gas and CBM. The Group also specializes in the exploration of climate change related technology, including geological sequestration of CO₂, enhanced CBM, enhanced oil recovery, coal mine methane mitigation and green house gases emissions reduction. The Group's business objective is to create its Shareholders' value by developing conventional and unconventional energy resources around the world.

Reasons for the Acquisition

In the PRC, forecast demand for natural gas outstrips supply by a wide margin and the development of CBM and other unconventional natural gas resources is being encouraged by the central government. The Group is able to deliver leading CBM exploration and production technology through internal knowledge and experience as well as through strategic alliances with world-class service providers. The PRC is considered one of the most prospective regions in the world for CBM based on widespread, high quality coal resources.

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

The Group has developed a strategy to respond to global concerns over climate change and emissions of greenhouse gases by becoming involved in the sequestration and storage of CO₂ and enhanced hydrocarbon production. There is a consensus amongst business forecasters that emerging market systems for valuing and trading the emission credits created by sequestration of CO₂. This will provide additional economic value to the feasible projects that the Group undertakes. Given the high demand for clean energy, high energy prices and environmental issue, CBM is regarded as a key source of alternative clean energy which can ease the shortage of natural gas in the world.

Based on the foregoing, the Directors consider that after Completion, the 47% interest in the PSC held by TerraWest is expected to contribute additional profits and cashflow in the long run and accelerate the pace of business expansion of the Group. Besides, the Group has moved a further step forward in achieving its objective as aforesaid.

The Directors believe that the terms of the Agreement are fair and reasonable and in the best interest of the Shareholders and the Company as a whole.

LETTER FROM THE BOARD

D. INFORMATION ON THE VENDOR AND THE GUARANTOR

The Vendor is an investment holding company incorporated in the British Virgin Islands. It has no other investment other than its shareholding in TerraWest. The Guarantor is the sole beneficial owner of the Vendor.

There are no previous transactions between the Company with each of the Vendor and the Guarantor which may require aggregation under Rule 19.22 of the GEM Listing Rules.

E. INFORMATION ON TERRAWEST

TerraWest is a privately owned CBM exploration and development company established by premier coal and CBM consultants including principals of Norwest Corporation, an international CBM and energy consulting company, based in Calgary, Alberta, Canada. TerraWest was established to pursue CBM exploration and development in the PRC which is the sole business of the enterprise at this time. TerraWest currently holds a 47% interest in the PSC with CUCBM, which holds a 53% interest in the PSC, covering approximately 655 square kilometers (approximately 162,000 acres) in the Junggar Basin of Xinjiang province in the northwest of the PRC. It is one of the CBM production sharing contracts in the PRC with a foreign party on an area leased by PetroChina Company Limited (“**PetroChina**”), which “H” shares and American depository shares are listed on the Stock Exchange and the New York Stock Exchange, Inc. respectively.

Initial drilling program 2006 under the PSC

TerraWest completed three coal test wells in 2006, with depths ranging from 526 meters to 768 meters. The wells intersected the principal target Jurassic Xishanyao (“**J2x**”) formation as planned and aggregate coal seam thicknesses were found to be impressive, ranging from 16 meters to 43 meters. The two main J2x coal seams intersected in wells LGH 06-01 and 06-03 are over 30 meters in total thickness. The J2x coal seams are well developed over much of the project area of the PSC and are extensively mined using underground mining methods. The deeper Jurassic Badaowan formation that is the secondary exploration target was not drilled in 2006, and remains virtually unexplored in the project area. Elsewhere in the region is of mineable thickness, and is exploited by underground mining. The term “**Jurassic**” is the geologic age of the rock formations. The two identified geologic formations (“**Jurassic Xishanyao**” and “**Jurassic Badowaon**”) are the coal-bearing formations and are considered to be the prospective gas-bearing geologic formations. The use of the names of the formations indicates that TerraWest has identified the target prospective gas zones.

Characteristic of the target coal formation under the PSC

Test well drilling and CBM desorption analysis were completed under the project management of Norwest Corporation. Norwest Corporation concluded that the coal in the area tested is High Volatile Bituminous C to Subbituminous A in rank, with variable gas content ranging to 100 standard cubic feet per ton of coal. Initial gas resource estimates

LETTER FROM THE BOARD

and production testing are expected to be completed during the next work program scheduled for the second half of 2008. The terms “**High Volatile Bituminous C**” and “**Subbituminous A**” are the accepted scientific, industry-standard terms that indicate the type of coal and therefore indicate a prospective natural gas content. The use of the terms indicates that TerraWest has identified the type of coal which is in the target prospective gas zones.

Financial information of TerraWest

TerraWest’s audited financial statements are prepared using Canadian generally accepted accounting principles. Its audited net asset value as of 31 December 2007 was CAD3,747,515 (equivalent to approximately HK\$29,815,000).

The audited net losses of TerraWest for the two financial years ended 31 December 2006 and 2007 were CAD684,330 (equivalent to approximately HK\$5,445,000) and CAD193,357 (equivalent to approximately HK\$1,538,000), respectively.

Junggar Basin

The Junggar Basin is highly prospective for CBM reserves due to the existence of extensive coal resources with known gas content. The preliminary estimate of CBM gas potential for the Junggar Basin, as reported by CUCBM, is 69 trillion cubic feet (approximately 2 trillion cubic meters). The southern Junggar Basin is an active coal mining area and is also a productive petroleum and natural gas area with existing production facilities.

Existing natural gas pipeline infrastructure in the vicinity of the project area carries conventional natural gas to Urumqi, the capital and largest city in Xinjiang, and links the area to the major trans-national West-East natural 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 nine provinces, the annual gas transmission capacity of this pipeline is estimated by PetroChina at 420 billion cubic feet.

F. GENERAL

Upon allotment and issue of the Consideration Shares to the Vendor, the Vendor’s interest in the Company will become approximately 3.85% of the enlarged issued share capital of the Company; whilst the effective interest in the Company owned by Mr. Chan through Colpo, being the controlling shareholder, will change from approximately 50.63% to approximately 48.68%, and will still remain as the single largest Shareholder. The allotment and issue of the Consideration Shares will not result in a change of control of the Company.

G. RECOMMENDATION

The Board considers that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

H. ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of the Board
ENVIRO ENERGY INTERNATIONAL HOLDINGS LIMITED
Chan Wing Him, Kenny
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular, and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and is not misleading;
- (b) there are no other facts the omission of which would make any statement herein misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are found on bases and assumptions that are fair and reasonable.

2. SHARE CAPITAL

HK\$

(a) *Authorised capital:*

	<u>20,000,000,000</u> ordinary shares of HK\$0.0025 each	<u>50,000,000</u>
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(b) *Issued and fully paid or credited as fully paid:*

(i) As at the Latest Practicable Date

	<u>2,336,880,800</u> ordinary shares of HK\$0.0025 each	<u>5,842,202</u>
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(ii) Upon allotment and issue of the Consideration Shares:

	2,336,880,800 existing issued Shares	5,842,202
	<u>93,600,000</u> Consideration Shares	<u>234,000</u>
	<u>2,430,480,800</u>	<u>6,076,202</u>

(iii) Upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme:

	2,430,480,800 existing issued Shares and Consideration Shares	6,076,202
	89,947,200 outstanding options (subject to adjustments as set out in the Share Option Scheme)	224,868
	<u>2,520,428,000</u>	<u>6,301,070</u>

3. DISCLOSURE OF INTERESTS

(a) Interest of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered into the register required to be kept under section 352 of the SFO; or (iii) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange are as follows:

(i) *Interests in Shares*

Name of Directors/ chief executives	Capacity	Number of Shares	Approximate % of the Company's issued share capital
Mr. Chan	Interest in a controlled corporation	1,183,180,000 (Note)	50.63
Dr. Gorrell	Beneficial owner	2,625,000	0.11
Mr. Ho Tak Yuen Peter	Beneficial owner	15,847,200	0.68

Note: These Shares were held by Colpo, the entire issued share capital of which was solely and beneficially owned by Mr. Chan, who was therefore deemed to be interested in the Shares held by Colpo.

(ii) *Interests in underlying Shares pursuant to the Share Option Scheme*

Name of Directors/ chief executives	Number of share options granted and not yet exercised	Exercise period	Exercise price per Share (HK\$)	Approximate % of issued Shares upon exercise of share options
Mr. Chan	15,847,200	29/12/2006 to 24/1/2013	0.0635	0.68
	2,000,000	22/6/2007 to 24/1/2013	1.365	0.09
	500,000	19/6/2010 to 19/6/2018 (Note)	0.2316	0.02

Name of Directors/ chief executives	Number of share options granted and not yet exercised	Exercise period	Exercise price per Share (HK\$)	Approximate % of issued Shares upon exercise of share options
Dr. Gorrell	1,500,000	22/6/2007 to 24/1/2013	1.365	0.06
	700,000	29/10/2007 to 24/1/2013	2.440	0.03
	500,000	19/6/2010 to 19/6/2018 (<i>Note</i>)	0.2316	0.02
Mr. Ho Tak Yuen Peter	2,000,000	22/6/2007 to 24/1/2013	1.365	0.09
Mr. Poon Lai Yin, Michael	500,000	19/6/2010 to 19/6/2018 (<i>Note</i>)	0.2316	0.02
Mr. Donald O Downing	350,000	19/6/2010 to 19/6/2018 (<i>Note</i>)	0.2316	0.01

Note: 50% of the share options shall be exercised in a period commencing two years from the date of grant and expiring on the tenth anniversary from the date of grant. The balance of 50% of the share options shall be exercised in a period commencing three years from the date of grant and expiring on the tenth anniversary from the date of grant.

Saved as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and chief executives of the Company, none of the Directors or chief executives of the Company and their respective associates had any interests and short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered into the register required to be kept under section 352 of the SFO; or (iii) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors and the chief executives of the Company, the following persons (other than a Director or chief executives of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register kept by the Company pursuant to Section 336 of the SFO, or who were,

directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

Name of substantial shareholders	Capacity and nature of interest	Number of Shares	Approximate % of issued Shares
Colpo	Beneficial owner	1,183,180,000 (1)	50.63
Fortis Investment Management Japan Ltd.	Investment manager	183,400,000 (2)	7.85

Notes:

- (1) The entire issued share capital of Colpo was solely and beneficially owned by Mr. Chan, who was therefore deemed to be interested in 1,183,180,000 Shares held by Colpo.
- (2) 183,400,000 Shares were held by Fortis Investment Management Japan Ltd. in the capacity as investment manager. The entire issued share capital of Fortis Investment Management Japan Ltd. was wholly owned by Fortis Investment Management SA.

Save as disclosed above, the Directors and the chief executives of the Company were not aware that there was any person (other than a Director or chief executives of the Company) who, as at the Latest Practicable Date, had any interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register kept by the Company pursuant to section 336 of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or had any options in respect of such capital.

4. DIRECTOR'S INTEREST IN CONTRACTS

As at the Latest Practicable Date, none of the Directors:

- (a) had entered into any service contracts with any member of the Group which were not expiring or determinable by the employer within one year without payment of compensation other than statutory compensation;
- (b) had any direct or indirect interest in any assets which had been, since the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to, any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group; and
- (c) was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

5. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claims of material importance pending or threatened against any member of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, an executive Director, the compliance officer and management shareholder (as defined in the GEM Listing Rules) of the Company, namely Mr. Chan and an executive Director, Dr. Gorrell, are also directors of Petromin and TerraWest. The businesses of these two companies compete, or are likely to compete, directly or indirectly, with the Group's businesses.

Mr. Chan is a director and co-chairman and the chief executive officer of Petromin whilst Dr. Gorrell is the president and co-chairman. Petromin is engaged in the acquisition and development of oil and gas properties.

Mr. Chan is a director and co-chairman of TerraWest whilst Dr. Gorrell is a director and co-chairman. TerraWest is engaged in the exploration for oil and natural gas.

Save as disclosed above, none of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company or any of their respective associates had any interest in a business, which competes or may compete, either directly or indirectly, with the business of the Group.

7. MISCELLANEOUS

- (a) The secretary and qualified accountant of the Company is Mr. Poon Lai Yin, Michael. He is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. He has over 13 years' experience in accounting and financial management.
- (b) The compliance officer of the Company is Mr. Chan.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited situated at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (d) The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. David Tsoi (chairman of the Audit Committee), Mr. Lo Chi Kit and Mr. Tam Hang Chuen. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group. Details of the members of the Audit Committee are set out below:

David TSOI, aged 61, joined the Group on 8 July 2008. He is currently the managing director of Alllott, Tsoi CPA Limited and an independent non-executive director of Melco LottVentures Limited, a company which shares are listed on GEM. Save as disclosed above, Mr. Tsoi does not hold any directorship in any other public listed companies on the Stock Exchange and any other stock exchange in the past three years preceding the date of his appointment. Prior to his appointment as an independent non-executive Director, Mr. Tsoi did not hold any directorship in the Company or any of its subsidiaries.

Mr. Tsoi holds a master's degree in business administration from the University of East Asia, Macau. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong. He is also a member of the Institute of Chartered Accountants of England and Wales, the Society of Chinese Accountants and Auditors, the Certified General Accountants' Association in Canada and Macau Society of Certified Practising Accountants.

LO Chi Kit, aged 46, joined the Group in December 2006. He is a businessman who has extensive experience in senior management and business operations, in particular, in the waste treatment and the sale and purchase of fruit and vegetables business.

TAM Hang Chuen, aged 52, joined the Group in December 2006. He is a businessman with more than 20 years experience in senior management and business operations, in particular, in the printing industry. Mr. Tam has broad connection with commercial groups in Asian region.

- (e) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (f) The head office and principal place of business of the Company is situated at Unit 806, Level 8, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong.
- (g) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.