

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

PLACING OF EXISTING SHARES, SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING

JOINT PLACING AGENTS



UBS AG, Hong Kong Branch



Quam Securities Company Limited

Top-up Placing

On 20 September 2010, Colpo and the Company entered into a conditional Placing Agreement with the Joint Placing Agents, pursuant to which the Joint Placing Agents would procure, on a best effort basis, purchasers to acquire, and Colpo would sell 345,498,000 existing Shares at a price of HK\$0.465 per Share, upon the terms and subject to the conditions set out in the Placing Agreement. After deducting the costs and expenses in connection with the Placing, the net price per Placing Share will be approximately HK\$0.444.

On the same day, Colpo entered into a conditional Subscription Agreement with the Company for the subscription for 345,498,000 new Shares at the same price per Share. Completion of the Subscription is conditional upon, (i) completion of the Placing; (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; and (iii) the Executive granting the Waiver. An application will be made to the Executive for the granting of the Waiver. The Subscription Agreement has not provided for the right of the parties to waive the above conditions.

The Placing Price represents a discount of approximately 19.83% to the closing price per Share of HK\$0.580 on 17 September 2010 (the last trading day prior to suspension of trading in the Shares pending the release of this announcement), a discount of approximately 16.37% to the average closing price per Share of approximately HK\$0.556 as quoted on the Stock Exchange for the last five trading days up to and including 17 September 2010 and a discount of approximately 14.36% to the average closing price per Share of approximately HK\$0.543 as quoted on the Stock Exchange for the last ten trading days up to and including 17 September 2010.

As at the date of this announcement, the Placing Shares represent 14.21% of the existing issued share capital of the Company and approximately 12.44% 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, its connected persons and Colpo and further are not parties acting in concert with Colpo and their respective concert parties. The shareholding percentage of Colpo and parties acting in concert with it in the Company will decrease from approximately 48.75% to approximately 34.55% upon completion of the Placing but before completion of the Subscription, and will be increased to approximately 42.69% 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 gross proceeds and net proceeds from the Subscription are estimated to be approximately HK\$160.7 million and HK\$153.3 million, respectively, which will mainly be used to fund the 2010 working program of the coalbed methane project in Liuhuanguo, Xinjiang and as additional general working capital. As at the date of this announcement, the Company has not identified other specific investment project.

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 20 September 2010 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 22 September 2010.

1. PLACING AGREEMENT

Date

20 September 2010 (before trading hours)

Parties

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

The Joint Placing Agents and their respective ultimate beneficial owner(s) are not acting in concert with Colpo or any parties acting in concert with Colpo and are independent of the Company and its connected persons.

Placing Shares

The Joint Placing Agents will place 345,498,000 existing Shares, representing 14.21% of the existing issued share capital of the Company and approximately 12.44% of the issued share capital of the Company as enlarged by the Subscription, at the Placing Price on a best effort basis.

Placing Price

The placing price of HK\$0.465 per Share was arrived at after arm's length negotiation between the Company, Colpo and the Joint Placing Agents. After deducting the costs and expenses in connection with the Placing, the net price per Placing Share will be approximately HK\$0.444.

The Placing Price represents a discount of approximately 19.83% to the closing price per Share of HK\$0.580 on 17 September 2010 (the last trading day prior to suspension of trading in the Shares pending the release of this announcement), a discount of approximately 16.37% to the average closing price per Share of approximately HK\$0.556 as quoted on the Stock Exchange for the last five trading days up to and including 17 September 2010 and a discount of approximately 14.36% to the average closing price per Share of approximately HK\$0.543 as quoted on the Stock Exchange for the last ten trading days up to and including 17 September 2010.

The Placing Price was determined after arm's length negotiation between the Company and the Joint Placing Agents 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 to be fair and reasonable and is in the best interest of the Company and Shareholders.

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, its connected persons and Colpo and further are not parties acting in concert (as defined in the Takeovers Code) with Colpo and their respective concert parties. No Placee will become a substantial Shareholder immediately following completion of the Placing.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (a) the Subscription Agreement having been entered into by the parties thereto and not subsequently having been revoked, terminated or modified; and
- (b) there not having occurred at any time prior to completion of the Placing any of the representations, warranties or undertakings of Colpo and/or the Company contained in the Placing Agreement becoming untrue or inaccurate, breached or not complied with in any material respect.

Termination events

The Placing Agreement contains provision granting the Joint Placing Agents the right to terminate, by way of written notice to Colpo and the Company, 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 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 Joint Placing Agents exercise such right at any time prior to 5:00 p.m. on the Business Day immediately prior to the Placing Completion Date (which is expected to be on or about 24 September 2010), the Placing will not proceed.

Completion of the Placing

The parties expect that the Placing will be completed on or about 24 September 2010.

Lock-up period

- (a) Colpo undertakes to the Joint Placing Agents that (except for (i) the sale of the Placing Shares pursuant to the Placing Agreement; and (ii) the transfer of Shares upon the exercise of right granted to Green Island pursuant to the Note Instrument) from the date of the Placing Agreement and on or prior to the date being 90 days after the date of the Placing Agreement it will not (without the prior written consent of the Joint Placing Agents, such consent not being unreasonably withheld or delayed) transfer or dispose of or grant or create any interests or rights of any nature in respect of, any interest in any 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; and
- (b) the Company undertakes to the Joint Placing Agents that (except for (i) the new Shares to be allotted and issued to the subscriber(s) named in the Subscription Agreement; (ii) any new Shares which may fall to be issued upon exercise of share options granted pursuant to the existing share option scheme of the Company as at the date hereof; (iii) any Shares or other securities or rights issued or granted to Shareholders by way of bonus or under any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Company's articles of association or on the exercise of rights existing at the date of the Placing Agreement; and (iv) the grant of any

options to subscribe for Shares in accordance with the rules of the existing share option scheme of the Company) from the date of the Placing Agreement and on and prior to the date being 90 days after the date of the Placing Agreement it will not (without the prior written consent of the Joint Placing Agents, such consent not being unreasonably withheld or delayed) (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares; or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transaction described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

2. SUBSCRIPTION AGREEMENT

Date

20 September 2010 (before trading hours)

Parties

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

The new Shares

345,498,000 new Shares, representing 14.21% of the existing issued share capital of the Company and approximately 12.44% of the issued share capital of the Company as enlarged by the Subscription.

The Subscription Price

The subscription price of HK\$0.465 per Share which is equivalent to the Placing Price and will generate gross proceeds and net proceeds of approximately HK\$160.7 million and HK\$153.3 million, respectively, from the Subscription.

Mandate to issue new Subscription Shares

The 345,498,000 new Shares will be allotted and issued pursuant to the General Mandate to issue up to 486,392,160 new 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 486,392,160 new 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 345,498,000 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.

Conditions of the Subscription

Completion of the Subscription is conditional upon:

- (a) completion of the Placing;
- (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; and
- (c) the Executive granting the Waiver.

An application will be made to the Executive for the granting of the Waiver. The Subscription Agreement has not provided for the right of the parties to waive the above conditions.

Under Rule 20.31(3)(d) of the GEM Listing Rules, no approval from Shareholders is required in connection with the Placing and the Subscription if the Subscription is completed within 14 days after the date of the Placing Agreement, that is, on or before 4 October 2010.

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 4 October 2010 (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. Further announcement will be made if this occurs.

3. EFFECT ON THE SHAREHOLDINGS FOLLOWING COMPLETION OF THE PLACING AND THE SUBSCRIPTION

Assuming no Shares will be issued, pursuant to the post-IPO share option scheme adopted by the Company, or repurchased between the date of this announcement and the 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 Placing but before Subscription		Immediately after completion of Placing and Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Colpo	1,185,680,000 (Note)	48.75	840,182,000	34.55	1,185,680,000	42.69
Chan Wing Him Kenny (“Mr. Chan”)	8,834,000	0.36	8,834,000	0.36	8,834,000	0.32
Arthur Ross Gorrell	2,625,000	0.11	2,625,000	0.11	2,625,000	0.09
Tam Hang Chuen	1,000,000	0.04	1,000,000	0.04	1,000,000	0.04
Public shareholders	1,233,821,800	50.74	1,579,319,800	64.94	1,579,319,800	56.86
Total	2,431,960,800	100.00	2,431,960,800	100.00	2,777,458,800	100.00

Note:

The entire issued share capital of Colpo is beneficially wholly-owned by Mr. Chan, the Chairman and Chief Executive Officer of the Company and an executive Director.

As disclosed in the Company’s announcement dated 13 April 2010, Mr. Chan through Colpo executed the Note Instrument, pursuant to which, Green Island is entitled to exchange for up to 200,000,000 Shares held by Colpo at an exercise price of HK\$0.88 per Share, subject to adjustment, within an exercise period of three (3) years commencing from 12 April 2010 to 12 April 2013.

The Board considers that the Company can maintain the minimum public float as prescribed by the GEM Listing Rules upon completion of the Placing and the Subscription.

4. DISPENSATION FROM RULE 26 OF THE TAKEOVERS CODE

As a result of the Placing, the aggregate percentage shareholding of Colpo and its concert parties (if any) will be reduced from approximately 48.75% to down to approximately 34.55% (a decrease of approximately 14.21%) and as a result of the Subscription, their aggregate percentage shareholding will be increased from approximately 34.55% to up to approximately 42.69% (an increase of approximately 8.14%). An application will be made by Colpo to the Executive for granting of the Waiver to make a mandatory general offer for all of the issued Shares other than those already owned by it under Note 6 to Notes on dispensations from Rule 26 of the Takeovers Code. As stated above, completion of the Subscription will be subject to the granting of the Waiver by the Executive to Colpo and none of the conditions for the Subscription can be waived by the parties to the Subscription Agreement.

5. REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

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 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\$153.3 million which will mainly be used to fund the 2010 working program of the coalbed methane project in Liuhuanggou, Xinjiang and as additional general working capital. As at the date of this announcement, the Company has not identified other 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 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 and in the interests of the Company and its Shareholders as a whole.

The Company has not conducted any equity fund-raising activities in the 12 months preceding the date of this announcement.

6. 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 20 September 2010 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 22 September 2010.

7. 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;
“Business Day”	a day, excluding Saturdays, on which banks in Hong Kong are generally open for business;

“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 Chief Executive Officer of the Company and an executive Director;
“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;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“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 annual general meeting of the Company held on 12 April 2010;
“Green Island”	Green Island Cement Company, Limited, a subsidiary of Cheung Kong Infrastructure Holdings Limited which shares are listed on the Main Board of the Stock Exchange;
“Group”	the Company and its subsidiaries and jointly-controlled entity;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Joint Placing Agents”	UBS AG, Hong Kong Branch and Quam Securities Company Limited, the joint placing agents to Colpo for the Placing;
“Note Instrument”	the exchangeable note instrument dated 12 April 2010 entered into between Colpo and Green Island;
“Placee(s)”	any individual(s), professional or institutional / corporate investor(s) procured by the Joint Placing Agents 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 Agreement”	the placing agreement dated 20 September 2010 between the Company, Colpo and the Joint Placing Agents in respect of the Placing, as supplemented by a supplemental letter among the parties dated 21 September 2010;
“Placing Completion Date”	the date of completion of the Placing Agreement;
“Placing Price”	price payable for the Placing Shares at HK\$0.465 per Share;
“Placing Shares”	345,498,000 existing Shares available for the Placing;
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the conditional subscription by Colpo of 345,498,000 new Shares pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 20 September 2010 between Colpo and the Company in respect of the Subscription, as supplemented by a supplemental letter between the parties dated 21 September 2010;
“Subscription Price”	price payable for the new Shares in respect of the Subscription at HK\$0.465 per Share;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers;
“Waiver”	a waiver application made to the Executive pursuant to Note 6 to Notes on dispensations from Rule 26 of the Takeovers Code of the obligations on the part of Colpo and parties acting in concert with it to make a mandatory general offer under Rule 26.1 of the Takeovers Code for all securities of the Company other than those already owned or agreed to be acquired by Colpo and parties acting in concert with it as a result of the allotment and issue of the Shares under the Subscription;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong; and
“%”	per cent.

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

Hong Kong, 22 September 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the website of GEM at 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.