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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: 1102)*

### **SUBSCRIPTION FOR NON-LISTED WARRANTS**

The Directors are pleased to announce that on 9 May 2011, the Company as issuer had entered into the conditional Warrant Subscription Agreement with the Warrant Subscribers as subscribers in relation to the Warrant Subscription of a total of 230,000,000 Warrants by the Warrant Subscribers, at the Warrant Issue Price of HK\$0.0001 per Warrant.

The Warrants entitle the Warrant Subscribers to subscribe for the New Shares at the Warrant Subscription Price of HK\$0.38 per New Share for a period of twenty-four (24) months commencing from the date of issue of the Warrants. Each Warrant carries the right to subscribe for one New Share.

Completion of the Warrant Subscription is subject to the fulfillment of the conditions stated in the section headed "Conditions of the Warrant Subscription" in this announcement.

It is intended that the net proceeds from the Warrant Subscription of approximately HK\$20,000 will be applied as general working capital of the Group.

It is intended that the net proceeds from the full exercise of Warrants of approximately HK\$87,400,000 will be applied as general working capital of the Group and/or other appropriate investments as may be identified by the Board.

The New Shares will be issued under the General Mandate.

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the New Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

## **THE WARRANT SUBSCRIPTION AGREEMENT**

**Date:** 9 May 2011 (after trading hours)

**Parties:** (i) Issuer: the Company  
(ii) Subscribers: the Warrant Subscribers

### **Information on the Warrant Subscribers**

The Warrant Subscribers are Skyone Asset Holdings Ltd., Oxley Investment Company Limited and Marygold Overseas Ltd. They were incorporated in the British Virgin Islands and are principally engaged in investment holdings. Each of the Warrant Subscribers is owned by Independent Third Parties.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, each of the Warrant Subscribers and their respective ultimate beneficial owners are Independent Third Parties. As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Warrant Subscribers and their respective ultimate beneficial owners do not have any interests in or business dealings/transactions with the Group.

### **Number of Warrants**

Pursuant to the Warrant Subscription Agreement, the Warrant Subscribers have agreed to subscribe for and the Company has agreed to issue a total of 230,000,000 Warrants, as to 75,000,000 Warrants by Skyone Asset Holdings Ltd., as to 75,000,000 Warrants by Oxley Investment Company Limited and as to 80,000,000 Warrants by Marygold Overseas Ltd.

### **Warrant Issue Price**

The Warrant Issue Price is HK\$0.0001 per Warrant. Taking into account relevant expenses for the Warrant Subscription, the net Warrant Issue Price is approximately HK\$0.0001 per Warrant. It is intended that the net proceeds from the Warrant Subscription of approximately HK\$20,000 will be applied as general working capital of the Group.

### **Warrant Subscription Price and Adjustment**

The Warrant Subscription Price is HK\$0.38 per New Share. Both the Warrant Subscription Price and the aggregate number of New Shares to be issued and allotted upon the exercise of the Warrants are subject to adjustment based on the prescribed formulas as set out in the instrument creating the Warrants for the happening of the following events:

- (a) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
- (b) an issue (other than pursuant to a scrip dividend scheme in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);

- (c) a capital distribution other than the issue of Shares credited as fully paid or partly paid out of profits or reserves and issued in lieu of a cash dividend being made by the Company, whether on a reduction of capital or otherwise, to Shareholders;
- (d) a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company;
- (e) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe new Shares, at a price which is less than 90% of the market price of the Shares on the date of the announcement of the terms of the offer or grant (whether or not such offer or grant is subject to the approval of Shareholders or other persons) being made by the Company to Shareholders;
- (f) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per new Share initially receivable for such securities is less than 90% of the market price of the Shares on the date of the announcement of the terms of issue of such securities (whether or not such issue is subject to the approval of Shareholders), or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration is less than 90% of such market price;
- (g) an issue of Shares being made wholly for cash at a price less than 90% of the market price of the Shares on the date of the announcement of the issue (whether or not such issue is subject to the approval of Shareholders); and
- (h) the purchase by the Company of Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange or any recognised stock exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Warrant Subscription Price.

Every adjustment to the Warrant Subscription Price and the number of New Shares shall be certified either by the auditors of the Company or by an approved merchant bank.

The Warrant Subscription Price of HK\$0.38 represents:

- (i) a premium of approximately 4.11% over the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 6.15% over the average of the closing prices of HK\$0.358 per Share for the last five (5) trading days for the Shares prior to and including the Last Trading Day; and
- (iii) a premium of approximately 4.68% over the average of the closing prices of HK\$0.363 per Share for the last ten (10) trading days for the Shares prior to and including the Last Trading Day.

The aggregate of the Warrant Issue Price and the Warrant Subscription Price of HK\$0.3801 represents:

- (i) a premium of approximately 4.14% over the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 6.17% over the average of the closing prices of HK\$0.358 per Share for the last five (5) trading days for the Shares prior to and including the Last Trading Day; and
- (iii) a premium of approximately 4.71% over the average of the closing prices of HK\$0.363 per Share for the last ten (10) trading days for the Shares prior to and including the Last Trading Day.

Having considered the recent market prices, the Board considers that both the Warrant Subscription Price and the aggregate of it with the Warrant Issue Price are fair and reasonable, which were determined after arm's length negotiations between the Company and the Warrant Subscribers, and are in the interests of the Company and the Shareholders as a whole.

### **Transferability**

Subject to compliance with all applicable laws and regulations and such other requirements that the Stock Exchange may impose from time to time, the Warrants are transferable only to third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company, in integral multiples of 1,000,000 Warrants (or if at the time of transfer, the outstanding number of Warrants are less than 1,000,000 Warrants, the whole but not part of the outstanding Warrants). Apart from the aforesaid, there are no restrictions on the transfer of the Warrants from the Warrant Subscriber to other parties, and no consent from the Company is required before such transfer is to take place.

### **Completion Date**

Completion of the Warrant Subscription will take place within three (3) Business Days (or such other date as the parties thereto may agree) after the fulfillment of the conditions referred to in the section headed "Conditions of the Warrant Subscription" below. HK\$23,000, being the aggregate Warrant Issue Price for 230,000,000 Warrants, shall be payable by the Warrant Subscribers at completion of the Warrant Subscription, as to HK\$7,500 by Skyone Asset Holdings Ltd., as to HK\$7,500 by Oxley Investment Company Limited and as to HK\$8,000 by Marygold Overseas Ltd. The Warrant Subscription Price shall be payable by holder(s) of Warrants upon the exercise of the subscription rights attaching to the Warrants.

### **Information of the Warrants**

The Warrants will be issued to the Warrant Subscribers upon completion in registered form and constituted by a deed poll. The Warrants will rank pari passu in all respects among themselves.

Each Warrant carries the right to subscribe for one New Share at the Warrant Subscription Price and is issued at the Warrant Issue Price.

The subscription rights attaching to the Warrants may be exercised at any time during a period of twenty-four (24) months commencing from the date of issue of the Warrants at integral multiples of 1,000,000 Warrants. Where the number of the outstanding Warrants is less than 1,000,000 Warrants, the Warrant Subscriber shall have the right to exercise the whole but not in part of the outstanding number of Warrants to subscribe for the New Shares in cash at the Warrant Subscription Price per New Share. The New Shares, when fully paid and allotted, will rank pari passu in all respects with the issued Shares in issue of the date of allotment and issue of such New Shares. The integral multiples of 1,000,000 Warrants for the transfer of and exercise of the subscription rights under the Warrants was arrived at by the parties to the Warrant Subscription Agreement after taking into consideration of the costs and expenses for transferring or exercising the subscription rights under the Warrants.

Any subscription rights attaching to the Warrants which have not been exercised upon the expiration of the 24-month subscription period shall lapse.

A total of 230,000,000 Warrants for subscription of New Shares in an aggregate Warrant Subscription Price of HK\$87,400,000 are proposed to be issued. Upon full exercise of the subscription rights attaching to the Warrants, a total of 230,000,000 New Shares (in nominal value of HK\$0.0025 per New Share) will be issued, representing (i) approximately 8.28% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 7.65% of the issued share capital of the Company as enlarged by the New Shares which may fall to be allotted and issued upon the full exercise of the subscription rights attaching to the Warrants.

Apart from the restriction on Warrant transfer as set out under the heading "Transferability" above, subject to the relevant provisions under the Listing Rules, there are no other prohibitions on the Company to issue further securities nor are there any limitation on the Warrant Subscribers to transfer the New Shares in the Warrant Subscription Agreement.

### **Conditions of the Warrant Subscription**

Completion shall be subject to and conditional upon, among other things, the following:

- (1) (if required) the Listing Committee shall have approved the issue of the Warrants either unconditionally or subject to conditions to which neither the Company nor the Warrant Subscribers shall reasonably object and the satisfaction of such conditions; and
- (2) the Listing Committee granting the listing of, and the permission to deal in, the New Shares.

If the conditions of the Warrant Subscription Agreement are not fulfilled on or before 30 June 2011 (or such later date as may be agreed between the Company and the Warrant Subscribers), the Warrant Subscription Agreement will terminate and cease to have any effect and none of the parties shall have any claim against the other save for any antecedent breaches of the provisions thereof.

## **Voting rights for the holders of the Warrants**

The holders of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Warrants. The holders of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

## **Issue of New Shares under General Mandate**

The New Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by a resolution of the Shareholders passed at the extraordinary general meeting of the Company held on 13 December 2010 subject to the limit up to 20% of the then issued share capital of the Company as at the date of the extraordinary general meeting. Under the General Mandate, the Company was authorised to issue up to 555,491,760 Shares. As at the date of this announcement, no Share has been issued under the General Mandate. Accordingly, the Warrant Subscription Agreement and the allotment and issue of New Shares are not subject to Shareholders' approval at a general meeting.

## **Application for listing**

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the New Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

## **Reasons for the Warrant Subscription**

The Board considers that the Warrant Subscription represents an opportunity to raise additional funds for the Company while broadening the Shareholder and capital base of the Company. The net proceeds from the Warrant Subscription, after the deduction of related expenses, are estimated to be approximately HK\$20,000, representing a net issue price of approximately HK\$0.0001 per Warrant. The net proceeds will be applied by the Company as the general working capital of the Group.

It is intended that the net proceeds from the full exercise of Warrants of approximately HK\$87,400,000 will be applied as general working capital of the Group and/or other appropriate investments as may be identified by the Board.

The Directors consider that the Warrant Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Warrant Subscribers and that the terms of the Warrant Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## CHANGES OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 2,777,458,800 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Warrant Subscription and full exercise of the subscription rights attaching to the Warrants (assuming that there is no change in the shareholding structure of the Company from the date of this announcement to immediately prior to completion of the Warrant Subscription) is as follows:

Shareholders	As at the date of this announcement		Assuming completion of the Warrant Subscription and exercise of the Warrants in full	
	Number of Shares	Approximate %	Number of Shares	Approximate %
<b>Controlling Shareholders:</b>				
Colpo Mercantile Inc. ("Colpo")	1,188,680,000 (Note)	42.797	1,188,680,000	39.524
Chan Wing Him Kenny ("Mr. Chan")	8,834,000	0.318	8,834,000	0.294
<b>Directors:</b>				
Arthur Ross Gorrell	2,625,000	0.095	2,625,000	0.087
Tam Hang Chuen	1,000,000	0.036	1,000,000	0.033
<b>Public Shareholders:</b>	1,576,319,800	56.754	1,576,319,800	52.414
<b>Warrant Subscribers:</b>				
Skyone Asset Holdings Ltd.	-	-	75,000,000	2.494
Oxley Investment Company Limited	-	-	75,000,000	2.494
Marygold Overseas Ltd.	-	-	80,000,000	2.660
<b>Total</b>	<b>2,777,458,800</b>	<b>100.00</b>	<b>3,007,458,800</b>	<b>100.00</b>

*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 an exchangeable note instrument dated 12 April 2010, pursuant to which, Green Island Cement Company, Limited 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.*

Each of the Warrant Subscribers has no present intention to, nor have it entered into any agreement, arrangement or understanding with any other person to, transfer, charge or pledge any of the New Shares to be allotted and issued to the Subscribers upon exercise (in full or in part) of the subscription rights attaching to the Warrants.

## ISSUE OF WARRANTS

Pursuant to Rule 15.02(1) of the Listing Rules, the New Shares to be issued upon exercise of Warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued. Options granted under employee or executive share schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit.

As at the date of this announcement and except for the outstanding options granted under the share option scheme of the Company, the Company did not have other securities with subscription rights outstanding and not yet exercised. Assuming full exercise of the subscription rights attaching to the Warrants, a maximum of 230,000,000 New Shares (representing approximately 8.28% of the existing issued share capital of the Company) will be issued.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve (12) months before the date of this announcement.

Date of Agreement/ Supplemental Letter	Transaction	Approximate net proceeds raised	Completed on	Intended use of proceeds	Actual use of proceeds
20 September 2010 and 21 September 2010	Placing of 345,498,000 Shares (the “Placing”) and subscription for 345,498,000 Shares by Colpo under the general mandate granted on 12 April 2010 (the “Subscription”)	HK\$153,300,000	27 September 2010 (the Placing) and 4 October 2010 (the Subscription)	To fund the 2010 working program of the coalbed methane project in Liuhuanguo, Xinjiang and as additional general working capital	As intended

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Board”	the board of Directors;
“Business Day”	any day (not being Saturdays, Sunday or public holidays) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours;
“Company”	Enviro Energy International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange;
“Directors”	director(s) of the Company or the Board, as the context may require;



“General Mandate”	the general mandate granted to the Directors at the annual general meeting of Company held on 12 April 2010, which was refreshed at the extraordinary general meeting of Company held on 13 December 2010, to allot, issue and otherwise deal in up to 555,491,760 Shares;
“Group”	the Company, its subsidiaries and jointly-controlled entity;
“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;
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rules;
“Last Trading Day”	6 May 2011, being the last trading day before the date of this announcement;
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as may be amended from time to time;
“New Share(s)”	new Share(s) which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrant(s);
“Share(s)”	the ordinary share(s) of par value of HK\$0.0025 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Warrant(s)”	230,000,000 non-listed warrants to be issued by the Company at the Warrant Issue Price to subscribe for an aggregate of HK\$87,400,000 in Shares, each entitles the holder thereof to subscribe for one New Share at the initial Warrant Subscription Price of HK\$0.38 (subject to adjustment) at any time during a period of twenty-four (24) months commencing from the date of issue of the Warrants;
“Warrant Issue Price”	HK\$0.0001 per Warrant to be issued pursuant to the Warrant Subscription;
“Warrant Subscribers”	Skyone Asset Holdings Ltd., Oxley Investment Company Limited and Marygold Overseas Ltd., being the subscribers of the Warrants pursuant to the Warrant Subscription Agreement and are Independent Third Parties;
“Warrant Subscription”	the subscription of the Warrants at the Warrant Issue Price pursuant to the Warrant Subscription Agreement;
“Warrant Subscription Agreement”	the conditional subscription agreement dated 9 May 2011 and entered into between the Company and the Warrant Subscribers;
“Warrant Subscription Price”	an initial subscription price of HK\$0.38 per New Share (subject to adjustment) at which holder of the Warrants may subscribe for the New Shares; and
“%”	per cent.

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

Hong Kong, 9 May 2011

As at the date of this announcement, the directors of the Company 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