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)

DEED OF CANCELLATION
AND
DISCLOSEABLE TRANSACTION
DISPOSAL OF 100% INTEREST IN ALLIED RESOURCES LIMITED

Reference is made to the announcement dated 18 October 2012 of the Company in connection with the Hengli Agreement.

The Board announces that the Vendor, being a wholly-owned subsidiary of the Company, and the Purchaser, have on 11 March 2013 entered into the Deed of Cancellation pursuant to which the Vendor and the Purchaser have agreed to terminate and release all their respective rights and obligations under and pursuant to the Hengli Agreement in relation to the sale and purchase of the Sale Interest with effect from the signing of the Deed of Cancellation.

The Board further announces that on 11 March 2013, the Company and the New Purchaser have entered into the Disposal Agreement pursuant to which the Company has agreed to sell and the New Purchaser has agreed to acquire the Sale Share for a consideration of RMB50 million (equivalent to approximately HK$61.5 million) and the New Purchaser has agreed to pay the Company the cash balance of Allied as at 28 February 2013 on Completion.

As the applicable percentage ratios (within the meaning of the Listing Rules) for the Disposal of Allied are greater than 5% but are less than 25%, the Disposal of Allied constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Reference is made to the announcement dated 18 October of the Company in connection with the Hengli Agreement.

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Details of the Deed of Cancellation and the Disposal Agreement are set out below.

THE DEED OF CANCELLATION

Date: 11 March 2013

Parties: Party A: Allied, a wholly-owned subsidiary of the Company
Party B: 吉林省柏仁實業股份有限公司

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser is third party independent of the Company and its connected persons within the meaning of the Listing Rules.

Asset involved in the Deed of Cancellation

Pursuant to the Deed of Cancellation, the Vendor and the Purchaser have agreed to cancel, terminate and release all their respective rights and obligations under and pursuant to the Hengli Agreement in relation to the sale and purchase of the Sale Interest with effect from the signing of the Deed of Cancellation.

THE DISPOSAL AGREEMENT

Date: 11 March 2013

Parties: Vendor: the Company
Purchaser: the New Purchaser

The New Purchaser, who has extensive experience in the oil industry, is a shareholder of the Purchaser. Neither the New Purchaser nor any of its associates (within the meaning of the Listing Rules) is a director or chief executive of the Company or any of its subsidiaries. As at the date of this announcement, to the best knowledge, the New Purchaser does not have any shareholding or directorship in the Company or any of its subsidiaries. To the best knowledge, information and belief of the Board and after making all reasonable enquiries, the New Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons within the meaning of the Listing Rules.

Assets to be disposed of

Under the Disposal Agreement, the Company has agreed to sell and the New Purchaser has agreed to purchase the Sale Share on and subject to the terms and conditions as set out in the Disposal

Agreement. Jilin Hengli, a wholly owned foreign enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company held through Allied, and Qian An, a jointly-controlled entity of the Company, owned as to 50% by the Company through Allied and in turn through Jilin Hengli, will form part of the assets to be sold under the Disposal Agreement. Upon Completion, Allied, Jilin Hengli and Qian An will cease to be subsidiaries and jointly-controlled entity of the Company.

Information regarding the Disposal Group is set out in the paragraph headed "Information on the Group and the Disposal Group" below.

Consideration

The Consideration for the Disposal of Allied is RMB50 million (equivalent to approximately HK$61.5 million) which, together the cash balance of Allied as at 28 February 2013, shall be paid by the New Purchaser to the Company in casher's order upon Completion.

The Consideration was determined after arm's length negotiations between the parties to the Disposal Agreement with reference to, among other things, (i) the existing performance and production of the Disposal Group; (ii) the business prospects of the Disposal Group; (iii) the potentially recoverable resources of the Disposal Group; and (iv) the remaining duration of the exploration and exploitation rights on the Qian An oilfields.

Completion

Completion has taken place upon execution of the Disposal Agreement.

INFORMATION ON THE GROUP AND THE DISPOSAL GROUP

The Company is principally engaged in investment holding and development of the full range of energy-related projects involving conventional oil, unconventional natural gas, state-of-the-art oil and gas related environmental technologies and other high return natural resource projects.

The Disposal Group comprises (i) Allied, a wholly-owned subsidiary of the Company and an investment holding company; (ii) Jilin Hengli, a wholly-owned subsidiary of the Company and an investment holding company; and (iii) Qian An, which is 50% owned by Jilin Hengli, an equity joint venture company established in China. The other 50% of the equity interest of Qian An is beneficially owned by PetroChina. PetroChina is the operator of the Qian An oilfields. Qian An is principally engaged in the exploitation, development and production of oil and natural gas from two oilfields in Jilin, the PRC.

As disclosed in the circular of the Company dated 31 January 2008, according to the technical report named "China Jilin Qian An Oilfield Geological & Engineering Report" prepared by Jilin Petroleum Research Institute, Songyuan, Jilin, the PRC, dated June 2006, proven oil in place in the contract area of Qian An is approximately 21.7 million barrels while total recoverable oil reserve is approximately 6.1 million barrels. For the five years ended 31 December 2012, Qian An produced approximately 129,000 barrels, 112,000 barrels, 114,000 barrels, 101,000 barrels and 83,000 barrels, respectively. Based on the above, the Directors estimate that the total recoverable oil reserve of Qian An as at the date hereof would be approximately 5 million barrels.

The net losses of the Disposal Group for each of the financial years ended 31 December 2010, 2011 and 2012, and the net liabilities as at 31 December 2010, 2011 and 2012 are shown below:

	For the year ended (or as at) 31 December 2012 (Unaudited) HK$'000	*For the year ended (or as at) 31 December 2011 (Audited) HK$'000*	*For the year ended (or as at) 31 December 2010 (Audited) HK$'000*
Net loss before taxation and extraordinary items	1,807	2,717	1,929
Net loss after taxation and extraordinary items	2,929	2,428	21,324
Net liabilities	18,594	119,754	116,554

The gain expected to accrue to the Company on the Disposal of Allied is approximately HK$82.2 million, which is equal to the difference between the carrying value of the Disposal Group as at date of the Disposal Agreement, the Consideration and cumulative exchange differences.

REASONS FOR THE DEED OF CANCELLATION AND THE DISPOSAL OF ALLIED

The parties to the Deed of Cancellation have agreed to cancel the Hengli Agreement because the time to complete the transaction was taking longer than expected. The entering of the Disposal Agreement relating to the Disposal of Allied involved a shareholder of the Purchaser and the same assets, and is completed much sooner, which is beneficial to the parties involved.

Having taken into account (i) the exploration and exploitation rights on the Qian An oilfields are due to expire on 19 December 2016, the extension of which is not certain; (ii) the Group is not the operator of the Qian An oilfields; and (iii) the cash flow generated from the Disposal Group has been minimal, the Directors consider that the Disposal of Allied represents a good opportunity for the Group to realise its gain in an investment. Upon Completion, the Group will continue developing its unconventional gas development in Xinjiang, via its non wholly-owned subsidiary TerraWest Energy Corporation, and reviewing potential investments in natural resources throughout Southeast Asia. The great resource potential of the region provides outstanding opportunities for growth, and the Group is actively on the lookout for sound targets. The Group reviews projects with the potential to leverage investment in the upstream end of the business and which can generate near term cash flow. The sale proceeds arising from the Disposal of Allied will be used for new investment in natural resources and as additional working capital of the Remaining Group.

In view of the above, the Directors believe the disposal of the Disposal Group would enable the Group to free up resources (in particular, management as well as financial resources), and accordingly, the Directors (including all the independent non-executive Directors) consider that the Disposal of Allied is beneficial to the Company and its Shareholders as a whole. The Directors (including the independent non-executive Directors) also consider that the terms of the Disposal Agreement and the Consideration are fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

After Completion, (i) the Disposal Group will cease to be subsidiaries and jointly-controlled entity of the Company; and (ii) its financial results will not be consolidated into the Remaining Group's financial statements.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (within the meaning of the Listing Rules) for the Disposal of Allied are greater than 5% but are less than 25%, the Disposal of Allied constitutes a discloseable transaction for the Company under the Listing Rules.

DEFINITIONS

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

"Allied" or "Vendor"	Allied Resources Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company;
"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, incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange;
"Completion"	completion of the Disposal of Allied in accordance with the terms and conditions of the Disposal Agreement;
"Consideration"	the consideration for the Disposal of Allied pursuant to the Disposal Agreement;
"Deed of Cancellation"	the deed of cancellation dated 11 March 2013 entered into between the Vendor and the Purchaser pursuant to which the parties thereto agreed to, among others, cancel the Hengli Agreement;
"Disposal Agreement"	the agreement relating to the sale and purchase of the Sale Share entered into between the Company and the New Purchaser on 11 March 2013;
"Disposal of Allied"	the disposal of the Sale Share by the Company to the New Purchaser pursuant to the Disposal Agreement;
"Disposal Group"	includes Allied, Jilin Hengli and Qian An;
"Directors"	the directors of the Company;

"Group"	the Company, its subsidiaries and jointly-controlled entity;
"Hengli Agreement"	the conditional agreement relating to the sale and purchase of the Sale Interest entered into between the Purchaser and the Vendor on 18 October 2012;
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Jilin Hengli"	Jilin Hengli Industries Liability Co., Ltd., a wholly owned foreign enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company held through the Vendor;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"New Purchaser"	Mr. Wang Bing Wu;
"PetroChina"	PetroChina Company Limited;
"PRC"	the People's Republic of China (excluding, for the purposes of this announcement, Hong Kong, Macau and Taiwan);
"Purchaser"	吉林省柏仁實業股份有限公司, a company incorporated in the PRC with limited liability;
"Qian An"	Qian An Oilfield Development Co., Ltd., a joint venture company established in the PRC, owned as to 50% by the Company through Allied and Jilin Hengli and a jointly-controlled entity of the Company;
"Remaining Group"	the Group, excluding the Disposal Group;
"RMB"	Renminbi, the lawful currency of the PRC;
"Sale Interest"	the entire equity interest of Jilin Hengli;
"Sale Share"	one ordinary share of par value of HK$1 in, representing the entire issued share capital of, Allied;
"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; and
"%"	per cent.

Unless otherwise specified in this announcement, translation of RMB into HK$ is made in this announcement, for illustration purpose only, at the approximate rate of RMB1.0 to HK$1.23.

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

Hong Kong, 11 March 2013

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