

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.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



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)

- (1) PROPOSED OPEN OFFER OF NOT LESS THAN 1,746,773,000 OFFER SHARES AND NOT MORE THAN 1,872,463,000 OFFER SHARES ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE WITH THE BONUS ISSUE ON THE BASIS OF THREE WARRANTS FOR EVERY FIVE OFFER SHARES TAKEN UP UNDER THE OPEN OFFER;**
(2) APPLICATION FOR WHITEWASH WAIVER;
(3) EXEMPTED CONNECTED TRANSACTION IN RELATION TO UNDERWRITING ARRANGEMENT; AND
(4) RESUMPTION OF TRADING

PROPOSED OPEN OFFER WITH THE BONUS ISSUE

The Company proposes to raise not less than approximately HK\$34.9 million (or not more than approximately HK\$37.4 million, as the case may be), before expenses, by issuing not less than 1,746,773,000 Offer Shares (assuming none of the Exercisable Options having been exercised on or before the Record Date) and not more than 1,872,463,000 Offer Shares (assuming the Exercisable Options having been exercised in full on or before the Record Date) at the Subscription Price of HK\$0.020 per Offer Share on the basis of one Offer Share for every two Shares held by the Qualifying Shareholders on the Record Date and payable in full on application, with the Bonus Issue on the basis of three Warrants for every five Offer Shares taken up under the Open Offer.

IMPLICATIONS UNDER THE LISTING RULES

As no excess application for the Offer Shares is available under the Open Offer and the Open Offer is underwritten by Colpo, who is a substantial Shareholder, pursuant to Rule 7.26A(2) of the Listing Rules, specific approval shall be obtained from the Independent Shareholders in respect of the absence of such excess application arrangement. Due to the above, Colpo and its associates (including Mr. Chan) shall abstain from voting at the EGM to approve the absence of such excess application arrangement.

The entering into of the Underwriting Agreement with Colpo, who is a substantial Shareholder, and the payment of the underwriting commission to Colpo as the Underwriter constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the underwriting commission to be received by Colpo of approximately HK\$380,000 (based on 1,265,782,400 Shares, being the maximum number of Offer Shares underwritten by Colpo under the Open Offer) is on normal commercial terms and all applicable percentage

ratios (as defined in the Listing Rules) are less than 5%, the payment of the underwriting commission by the Company to Colpo is therefore exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules. Save for Mr. Chan, who holds the entire interest in the share capital of Colpo, had abstained from voting on the relevant board resolutions, none of the Directors has a material interest in the Open Offer, the Underwriting Agreement, the Undertaking, the Bonus Issue and the Whitewash Waiver and all matters contemplated thereunder and were not required to abstain from voting on the relevant board resolutions approving, among other things, the Open Offer, the Underwriting Agreement and all matters contemplated thereunder.

Pursuant to Rule 14A.92(2)(b) of the Listing Rules, provided that Rule 7.26A of the Listing Rules has been complied with, the allotment and issue of the Underwritten Shares to Colpo as the Underwriter pursuant to the Underwriting Agreement will be exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Open Offer will be conducted in compliance with Rule 7.26A of the Listing Rules as mentioned above.

Pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer is conditional on, among other things, the approval by the Independent Shareholders at the EGM by way of poll, at which any controlling Shareholders and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour. As at the date of this announcement, Colpo and Mr. Chan are together interested in approximately 34.73 % of the issued share capital of the Company and hence are controlling Shareholders. As such, Colpo and its associates (including Mr. Chan) shall abstain from voting in favour of the resolution in relation to the Open Offer at the EGM.

Immediately following the completion of the Open Offer, the Company should be able to maintain the public float as required under the Listing Rules. In the event that there is insufficient public float of the Company within the meaning of the Listing Rules immediately upon completion of the Open Offer, the Underwriter agrees and undertakes to take such appropriate steps as may be required to maintain the minimum public float for the Shares in compliance with Rule 8.08(1)(a) of the Listing Rules.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION OF WHITEWASH WAIVER

As at the date of this announcement, Colpo, together with its beneficial owner and parties acting in concert with any one of them, is beneficially interested in 1,213,361,200 Shares, representing approximately 34.73% of the issued share capital of the Company. Mr. Chan holds 26,000,000 Share Options, all of which are Exercisable Options. To the best knowledge of the Company and having made all reasonable enquiries, Mr. Chan has no intention to exercise the 26,000,000 Exercisable Options held by him at any time on or before the Record Date.

In the event that, upon completion of the Open Offer (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date), no Qualifying Shareholders will take up any Offer Shares (other than the Committed Shares), the Underwriter will be required to subscribe for and take up all Underwritten Shares, which will result in the total shareholding of Colpo and its ultimate beneficial owner and parties acting in concert with any of them in the Company increasing from 1,213,361,200 Shares, representing approximately 34.73 % of the issued share capital of the Company (not taking into account of the 26,000,000 Exercisable Options held by Mr. Chan, a concert party of

Colpo, as such Exercisable Options have not been exercised as at the date of this announcement), to:

- (i) assuming that none of the Exercisable Options having been exercised on or before the Record Date, 2,960,134,200 Shares representing approximately 56.49% of the entire issued share capital of the Company as enlarged by the Offer Shares, or 4,008,198,000 Shares representing approximately 63.74% of the entire issued share capital of the Company as enlarged by the Offer Shares and assuming the full exercise of the Warrants; or
- (ii) assuming that the Exercisable Options having been exercised in full on or before the Record Date, 3,111,824,200 Shares representing approximately 55.40% of the entire issued share capital of the Company as enlarged by the Offer Shares, or 4,235,302,000 Shares representing approximately 62.83% of the entire issued share capital of the Company as enlarged by the Offer Shares and assuming the full exercise of the Warrants.

Accordingly, the underwriting of the Underwritten Shares by Colpo pursuant to the Underwriting Agreement, the subscription for the Committed Shares pursuant to the Undertaking and the exercise of the Warrants under the Bonus Issue will trigger an obligation on Colpo, together with parties acting in concert with it, to make a mandatory offer under Rule 26 of the Takeovers Code for all the issued securities of the Company (including the Exercisable Options) not already owned or agreed to be acquired by Colpo and parties acting in concert with it, unless the Whitewash Waiver is obtained.

An application will be made by Colpo to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval by the Independent Shareholders at the EGM by way of poll, which Colpo and parties acting in concert with it and (if applicable) Shareholders who are not Independent Shareholders will abstain from voting at the EGM on the relevant resolutions. If the Whitewash Waiver is not granted by the Executive, the Open Offer and the Bonus Issue will not become unconditional and will not proceed.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer with the Bonus Issue is conditional, inter alia, upon the fulfillment of the conditions set out under the section headed “Conditions of the Open Offer with the Bonus Issue” of this announcement. In particular, the Open Offer with the Bonus Issue is subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein (a summary of which is set out in the section headed “Termination of the Underwriting Agreement” of this announcement). Accordingly, the Open Offer with the Bonus Issue may or may not proceed.

Any Shareholders or other persons dealing in the Shares up to the date on which all conditions to which the Open Offer with the Bonus Issue are fulfilled or waived (if applicable) (which is expected to be on Wednesday, 5 November 2014), will accordingly bear the risk that the Open Offer with the Bonus Issue may not become unconditional and may not proceed. If the Underwriter shall terminate the Underwriting Agreement, the Open Offer with the Bonus Issue will not proceed and will lapse. Any Shareholders or other persons contemplating any dealings in the Shares are advised to consult their own professional advisers.

Overseas Shareholders should note that they may or may not be entitled to the Open Offer with the Bonus Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Further details as to the entitlement of the Overseas Shareholders to the Open Offer with the Bonus Issue will be set out in the Prospectus to be despatched to the Shareholders relating to the Open Offer with the Bonus Issue.

GENERAL

The Board will appoint the Independent Financial Adviser to advise the Independent Board Committee (which will be formed and will comprise all independent non-executive Directors, namely Mr. David Tsoi, Mr. Lo Chi Kit and Mr. Tam Hang Chuen) and the Independent Shareholders on the terms of the Open Offer, the Bonus Issue and the Whitewash Waiver, and to make recommendations (i) as to whether the Open Offer, the Bonus Issue and the Whitewash Waiver are fair and reasonable; and (ii) as to voting of the resolution(s) to approve the Open Offer, the Bonus Issue and the Whitewash Waiver. Announcement will be made by the Company upon appointment of the Independent Financial Adviser.

A circular containing, among others, (i) the Open Offer, the Bonus Issue and the Whitewash Waiver; (ii) a letter from the Independent Board Committee to the Independent Shareholders setting out its recommendations in relation to the Open Offer, the Bonus Issue and the Whitewash Waiver; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders setting out its advice in relation to the Open Offer, the Bonus Issue and the Whitewash Waiver; and (iv) a notice of EGM, will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Takeovers Code and the Listing Rules.

Subject to, among other things, the Open Offer, the Bonus Issue and the Whitewash Waiver being approved by the Independent Shareholders at the EGM, the Company will, on or around Tuesday, 21 October 2014, send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Prospectus (without the Application Form) to the Excluded Shareholders and the holders of the outstanding Share Options for information purpose only.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 2 September 2014 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 3 September 2014.

PROPOSED OPEN OFFER WITH THE BONUS ISSUE

The Company proposes to raise not less than approximately HK\$34.9 million (or not more than approximately HK\$37.4 million, as the case may be), before expenses, by issuing not less than 1,746,773,000 Offer Shares (assuming none of the Exercisable Options having been exercised on or before the Record Date) and not more than 1,872,463,000 Offer Shares (assuming the Exercisable Options having been exercised in full on or before the Record Date) at the Subscription Price of HK\$0.020 per Offer Share on the basis of one Offer Share for every two Shares held by the Qualifying Shareholders on the Record Date and payable in full on application, with the Bonus Issue on the basis of three Warrants for every five Offer Shares taken up under the Open Offer.

On 1 September 2014, the Company entered into the Underwriting Agreement with Colpo in respect of the Open Offer. Details of the Open Offer and the Bonus Issue are set out below:

Issue statistics

Basis of the Open Offer:	One Offer Share for every two Shares held on the Record Date together with three Warrants for every five Offer Shares taken up. No Offer Share will be offered to the Excluded Shareholders, if any.
Subscription Price:	HK\$0.020 per Offer Share payable in full on application at or prior to 4:00 p.m. on a date which is currently expected to be Tuesday, 4 November 2014.
Expected gross proceeds from the Open Offer (assuming none of the Exercisable Options having been exercised on or before the Record Date); expected gross proceeds from the Open Offer (assuming the Exercisable Options having been exercised in full on or before the Record Date):	Not less than approximately HK\$34.9 million; and not more than approximately HK\$37.4 million.
Number of Shares in issue as at the date of this announcement:	3,493,546,000 Shares
Number of Offer Shares:	Not less than 1,746,773,000 Offer Shares (assuming none of the Exercisable Options having been exercised on or before the Record Date); and not more than 1,872,463,000 Offer Shares (assuming the Exercisable Options having been exercised in full on or before the Record Date), with aggregate nominal value of not less than approximately HK\$4.4 million and not more than approximately HK\$4.7 million.
No application for excess applications:	Qualifying Shareholders will not have the right to apply for the Offer Shares in excess of their respective Offer Shares under the Open Offer.
Underwriter and number of Underwritten Shares:	Colpo: assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date and having taking into account of the Committed Shares: (i) not less than 1,140,092,400 Offer Shares (assuming none of the Exercisable Options having been exercised on or before the Record Date); and (ii) not more than 1,265,782,400 Offer Shares (assuming the Exercisable Options having been exercised in full on or before the Record Date) will be underwritten by Colpo.
Number of Warrants to be issued:	Not less than 1,048,063,800 Warrants and not more than 1,123,477,800 Warrants to be issued to the first registered holders of the Offer Shares

on the basis of three Warrants for every five Offer Shares taken up under the Open Offer.

Number of Shares in issue upon completion of the Open Offer Not less than 5,240,319,000 Shares and not more than 5,617,389,000 Shares.

The number of Offer Shares to be issued represents 50% of the existing issued share capital of the Company and approximately 33.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares.

As at the date of this announcement, there were an aggregate of 251,380,000 outstanding Share Options granted by the Company under the Share Option Schemes. Save as disclosed above, the Company has no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement. The number of Offer Shares which may be issued pursuant to the Open Offer will be increased in proportion to any additional Shares which may be allotted and issued pursuant to the exercise of the Exercisable Options on or before the Record Date.

Qualifying Shareholders and Excluded Shareholders

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, a Shareholder must, at the close of business on the Record Date (i) be registered on the register of members of the Company; and (ii) not be an Excluded Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (with the relevant share certificates) for registration with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Monday, 13 October 2014.

If, at the close of business on the Record Date, any Shareholder whose address as shown on the register of members of the Company is in a place outside of Hong Kong, such Shareholder(s) may not be eligible to take part in the Open Offer as the Prospectus Documents will not be registered and / or filed under the applicable securities legislation of any jurisdictions other than Hong Kong. The Board will, if necessary, make enquiries to its legal advisers of the relevant jurisdictions regarding the legal restrictions under the law of the relevant place and the requirements of the relevant regulatory body or stock exchange. If after making such enquiries and based on the legal opinions obtained, the Board is of the opinion that it would be necessary or expedient not to offer the Offer Shares to such Overseas Shareholders, the Open Offer will not be available to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Excluded Shareholders. The results of the enquiries and the basis of exclusion of the Overseas Shareholders will be included in the Prospectus. The Excluded Shareholders, so long as they are Independent Shareholders, shall be entitled to attend the EGM and vote on the proposed resolutions in relation to the Open Offer with the Bonus Issue and the Whitewash Waiver.

The Company shall, on or before the Prospectus Posting Date, post the Prospectus marked "For Information Only" and a letter explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Open Offer without the Application Form to the Excluded Shareholders, and post the Prospectus marked "For Information Only" to the holders of the outstanding Share Options.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 14 October 2014 to Monday, 20 October 2014, both dates inclusive, to determine the eligibility of the Open Offer. No transfer of the Shares will be registered during such periods.

Subscription Price

The Subscription Price is HK\$0.020 per Offer Share, payable in full on application. The Subscription Price represents:

- (i) a discount of approximately 84.96% to the closing price of HK\$0.133 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 79.02% to the theoretical ex-entitlement price of approximately HK\$0.095 per Share after the Open Offer, based on the closing price of HK\$0.133 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 85.27% to the average closing price of HK\$0.136 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 85.80% to the average closing price of HK\$0.141 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (v) a discount of approximately 92.87% to the unaudited consolidated net asset value per Share of approximately HK\$0.281 (calculated by dividing the unaudited consolidated net asset value of the Group as at 30 June 2014 as shown in the interim results announcement of the Company for the six months ended 30 June 2014 by the number of Shares in issue as at 30 June 2014).

Assuming none of the Exercisable Options having been exercised on or before the Record Date, the net price for the Offer Shares is approximately HK\$0.019 per Offer Share (calculated as the estimated net proceeds from the Open Offer divided by the total number of the Offer Shares). Assuming the Exercisable Options having been exercised in full on or before the Record Date, the net price for the Offer Shares is approximately HK\$0.019 per Offer Share (calculated as the estimated net proceeds from the Open Offer divided by the total number of the Offer Shares). The aggregate nominal value of the Offer Shares will be approximately HK\$4.4 million (assuming none of the Exercisable Options having been exercised on or before the Record Date) and approximately HK\$4.7 million (assuming the Exercisable Options having been exercised in full on or before the Record Date).

Basis of determining the Subscription Price

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the prevailing market price and trading liquidities of the Shares prior to the Last Trading Day. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its shareholding in the Company on the Record Date. Taking into consideration the theoretical ex-entitlement price per Share and that the discount would encourage the Qualifying Shareholders to participate in the Open Offer, which would enable the Qualifying Shareholders to maintain their respective shareholdings in the Company and participate in the future growth of the Group, the Directors (excluding the independent non-executive Directors who would give their views after taking into account the advice of the Independent Financial Adviser)

consider the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

When setting the Subscription Price, the Board has also taken into account, among others, the monthly working capital requirements for the Group's operations in Hong Kong and Indonesia, and the net proceeds to be raised from the Open Offer of not less than HK\$33.4 million, which shall be sufficient to support such working capital requirement for a reasonable period of time.

Odd lot arrangement

In order to facilitate the trading of odd lots (if any) of the Shares arising from the Open Offer, the Company will appoint a broker to match the purchase and sale of odd lots of the Offer Shares. Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers. Details of the matching service will be provided in the circular to be issued by the Company.

Status of the Offer Shares

The Offer Shares (when allotted, fully paid and issued) will rank pari passu in all respects with the Shares then in issue. Holders of the Offer Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid on or after the close of business on the date of allotment and issue of the Offer Shares.

Certificates of the Offer Shares and Warrants and refund cheques

Subject to fulfillment of the conditions of the Open Offer as set out in the section headed "Conditions of the Open Offer with the Bonus Issue" in this announcement and save as otherwise provided in the Underwriting Agreement, share certificates for fully-paid Offer Shares and the certificates for the Warrants are expected to be posted on or around Wednesday, 12 November 2014 to all Qualifying Shareholders who have applied for, accepted and paid for the Offer Shares by ordinary post at their own risks.

Refund cheques in respect of the Offer Shares if the Open Offer is terminated are expected to be posted on or around Wednesday, 12 November 2014 by ordinary post to the applicants at their own risks.

No application for excess Offer Shares

Considering that (i) the Open Offer with the Bonus Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholdings interests in the Company and (ii) the Company will incur additional administrative work and costs to administer the excess application procedures, the Board has decided that there will be no application for excess Offer Shares by the Qualifying Shareholders. The Open Offer, including the fact that there will be no excess application for the Offer Shares, will be put forward to the Independent Shareholders for approval at the EGM.

The Qualifying Shareholders will therefore not be entitled to apply for any Offer Shares in excess of their respective Offer Shares under the Open Offer. All Offer Shares (other than the Committed Shares) not taken up by the Qualifying Shareholders and not available to the Excluded Shareholders are underwritten by the Underwriter.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares and the Warrant Shares. No listing will be sought for the Warrants. The Company has assessed the possibility of issuing listed Warrants by

considering the pros and cons of issuing listed Warrants in the context of the Bonus Issue. While listed Warrants are readily tradable by warrant holders, the Board considered that the Warrants are issued at a premium and will be of minimal value until they are in-the-money. To incur the additional costs for issuing listed Warrants and which listing platform may not be readily utilized by the warrant holders, the Board considered it not to be in the best interests of the Company and the Shareholders. In any event, to facilitate the transfer of the Warrants by the warrant holders, the Company will appoint an agent to stand in the market to provide matching services on a best efforts basis for all warrant holders of the Warrants during the duration of the exercise period, details of which will be set out in the circular to be issued by the Company.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange. Subject to the granting of the listing of, and permission to deal in, the Offer Shares and the Warrant Shares on the Stock Exchange, the Offer Shares and the Warrant Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares and the Warrant Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participations of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Offer Shares and the Warrant Shares are expected to continue to be traded on the Stock Exchange in the existing board lot of 2,000 Shares. Dealings in the Offer Shares and the Warrant Shares will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

Principal terms of the Underwriting Agreement

- Date: 1 September 2014 (after trading hours).
- Parties: (1) the Company
(2) Colpo (as the Underwriter)
- Number of Offer Shares underwritten: The Offer Shares other than the Committed Shares, being not less than 1,140,092,400 Offer Shares (assuming none of the Exercisable Options having been exercised on or before the Record Date); and not more than 1,265,782,400 Offer Shares (assuming the Exercisable Options having been exercised in full on or before the Record Date).
- The aggregate nominal value of the Underwritten Shares will be not less than approximately HK\$2.9 million and not more than approximately HK\$3.2 million.
- Commission: 1.5% of the total Subscription Price of the Underwritten Shares. The maximum commission to be received by the Underwriter will be approximately HK\$380,000.

The commission rate was determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Open Offer, and the current and expected market condition. The Directors (excluding the independent non-executive Directors who will give their views on the Open Offer after taking into account the advice of the Independent Financial Adviser) consider the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders are concerned.

Colpo is a company incorporated in the British Virgin Islands and the controlling Shareholder. It is principally engaged in investment holding business. It is wholly and beneficially owned by Mr. Chan. As at the date of this announcement, Colpo, together with its beneficial owners and parties acting in concert (within the meaning of the Takeovers Code) with any one of them, is beneficially interested in 1,213,361,200 Shares, representing approximately 34.73% of the issued share capital of the Company. Mr. Chan holds 26,000,000 Share Options, all of which are Exercisable Options. To the best knowledge of the Company and having made all reasonable enquiries, Mr. Chan has no intention to exercise the 26,000,000 Exercisable Options held by him at any time on or before the Record Date.

Pursuant to the Underwriting Agreement, Colpo undertakes and confirms to the Company, among others, that:

- (i) Colpo's obligation to subscribe for the Underwritten Shares pursuant to the Underwriting Agreement is for its own account and it shall not hold the Company to be responsible for any loss or damage to any persons arising from any such transaction except where such loss or damage arises from any breach by the Company of its obligations under the Underwriting Agreement or the gross negligence or wilful default or omission of the Company. Colpo also undertakes that it shall fully comply with all applicable laws, rules and regulations, including without limitation the Listing Rules and Takeovers Code, and its constitutional documents and shall not do or omit anything, the doing or omission of which shall or may cause the Company or any of the Directors to be in breach of any applicable laws, rules and regulations;
- (ii) it will not without first having obtained the prior written consent of the Company transfer or otherwise dispose (including without limitation the creation of any option, charge or other encumbrances or rights over or in respect of) or acquire (except by taking up the Offer Shares underwritten by it and pursuant to the Underwriting Agreement and pursuant to the Undertaking or acquiring Shares in circumstances which do not contravene the Listing Rules or qualify as a disqualifying transaction under the Takeovers Code) any Shares or any interest therein between the date of the Underwriting Agreement and the Latest Time for Acceptance; and
- (iii) in the event that there is insufficient public float of the Company within the meaning of the Listing Rules immediately upon completion of the Open Offer, the Underwriter shall, subject to compliance with the Takeovers Code, take all appropriate steps including but not limited to the engagement of a placing agent to procure subscribers (who are independent third parties not connected with the directors, chief executive and substantial shareholders of the Company or its subsidiaries or any of their respective associates) to subscribe for the Shares which would otherwise be required to be taken up by the Underwriter under the Underwriting Agreement in order to restore the minimum public float requirement of the Company in compliance with Rule 8.08(1)(a) of the Listing Rules.

To the best knowledge of the Company and having made all reasonable enquiries, all Directors who are interested in the Exercisable Options have no intention to exercise the Exercisable Options held by each of them at any time on or before the Record Date. None of the holders of the outstanding Share Options has given any undertaking in relation to the exercise of the Share Options nor their intention to take up their respective Offer Shares, if any.

Undertaking

On the date of the Underwriting Agreement, Colpo has given its irrevocable undertakings to the Company that:

- (1) Colpo shall remain as the beneficial owner of a total of 1,188,680,000 Shares up to and including the Latest Time for Acceptance;
- (2) Colpo shall and shall procure Mr. Chan to accept, subscribe and pay for an aggregate of 606,680,600 Offer Shares, being the maximum number of the Offer Shares to be offered to Colpo and Mr. Chan by the Company for subscription under the Open Offer, and undertake to lodge or procure to be lodged with the Registrar acceptances for the Committed Shares, with payment in full therefor in cash by no later than the Latest Time for Acceptance or in the manner as set out in the Prospectus Documents; and
- (3) Colpo will not and shall procure Mr. Chan not to transfer or otherwise dispose of (including without limitation the agreement to dispose of, or the creation of any option or derivative) or acquire any Shares, any interest or voting rights (save for the Committed Shares to be subscribed by Colpo and Mr. Chan pursuant to the Open Offer) between the date of the Undertaking and completion of the Open Offer.

Save for the Undertaking, the Board has not received any information or irrevocable undertakings from any substantial Shareholders of their intention to take up their respective Offer Shares under the Open Offer.

Conditions of the Open Offer with the Bonus Issue

The Open Offer and the Bonus Issue are conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. The conditions precedent of the Underwriting Agreement include:

- (1) the passing by the Independent Shareholders at the EGM by way of poll of the necessary resolution(s) approving, among others, the Open Offer, the Bonus Issue, the creation of the Warrants, the issue of the Offer Shares and the Warrant Shares and the Whitewash Waiver;
- (2) the Executive granting the Whitewash Waiver and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (3) the delivery to the Stock Exchange for authorization and the registration with the Hong Kong Companies Registry, respectively, one copy of each of the Prospectus Documents not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of the Hong Kong);

- (4) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus for information only and a letter in the agreed form to the Excluded Shareholders, if any, explaining the circumstances in which they are not permitted to participate in the Open Offer on the Prospectus Posting Date;
- (5) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Offer Shares and the Warrant Shares by no later than the first day of their dealings as stated in the Prospectus;
- (6) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (7) compliance with and performance of all undertakings and obligations of the Underwriter under the Underwriting Agreement; and
- (8) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof.

Save for the condition (7) above which can be waived by the Company (to the extent such condition is waivable) and conditions (6) and (8) above which can be waived by the Underwriter (to the extent such conditions are waivable), none of the above conditions can be waived by the Company or the Underwriter. If the conditions precedent are not fully satisfied (or waived, as the case may be) by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall be terminated and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches, and the Open Offer and Bonus Issue will not proceed.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (1) there occurs:
 - (a) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
 - (b) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; or
 - (c) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;

and in the reasonable opinion of the Underwriter, such change would have a material and adverse effect on the business, financial or trading position or prospects of the

Group as a whole or the success of the Open Offer or make it inadvisable or inexpedient to proceed with the Open Offer;

- (2) the Company commits any material breach of or omits to observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its business, financial or trading position; or
- (3) the Underwriter shall receive notification pursuant to the Underwriting Agreement of, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Open Offer,

the Underwriter shall be entitled (but not bound) by notice in writing issued by the Underwriter to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement and terminate the Underwriting Agreement.

Upon termination of the Underwriting Agreement, the Open Offer and the Bonus Issue will not proceed.

Principal terms of the Warrants

Issuer:	The Company.
Number of Warrants to be issued:	Not less than 1,048,063,800 Warrants but not more than 1,123,477,800 Warrants.
Exercise period:	Two years commencing from the date of the issue of the Warrants.
Exercise price:	An initial exercise price of HK\$0.21 per new Share (subject to adjustment) at which the holders of the Warrants may subscribe for new Share(s).
Transferability:	The Warrants may be transferred or assigned to any person provided that any transfer of the Warrants to connected person shall be subject to the requirements that the Stock Exchange may impose from time to time.

To facilitate the transfer of the Warrants by the warrant holders, the Company will appoint an agent to stand in the market to provide matching services on a best efforts basis for all warrant holders of the Warrants during the duration of exercise period, details of which will be set out in the circular to be issued by the

Company. The transfer price shall be determined based on arm's length negotiation between the transferor and transferee. The Company estimates the transfer fees for the transfer of the Warrants to be HK\$2.50 per transfer.

Application for listing:

No application will be made for a listing of the Warrants on the Stock Exchange or any other stock or securities exchange. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares.

The Company shall not issue or allot any Share pursuant to the exercise of any Warrant, or to register the relevant holder of the Warrant as the holder of any Share, if such exercise of the relevant Warrant shall cause the Company or the relevant holder of the Warrant to breach any applicable regulation (including without limitation, any public float requirement or any other requirement applicable to the Company under the Listing Rules, and any requirements of the Model Code applicable to certain holders of the Warrants).

Register and service fee in relation to cancellation or issuance of certificates

The Company will appoint an independent registrar and transfer agent for maintaining and updating the registers of warrant holders.

Warrant holders will be required to pay a fee for cancelling, transmitting, splitting, consolidating or issuing of certificates. The amount of fee payable is estimated to be equivalent to HK\$2.5 multiplied by the number of certificate(s) cancelled or new certificate(s) issued, whichever is higher, and is payable by holder(s) of the Warrants or transferee(s) of the Warrants who lodges the requests with the transfer agent.

Number of Warrant Shares to be issued upon exercise of the Warrants

The minimum number of Warrant Shares of 1,048,063,800 Shares represents (i) approximately 30% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 20% of the issued share capital of the Company as enlarged by the Offer Shares; and (iii) approximately 16.7% of the issued share capital of the Company as enlarged by the Offer Shares and the Warrant Shares.

The maximum number of Warrant Shares of 1,123,477,800 Shares represents (i) approximately 32.2% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 20% of the issued share capital as enlarged by the Offer Shares; and (iii) approximately 16.7% of the issued share capital of the Company as enlarged by the Offer Shares and the Warrant Shares.

The Directors (except the independent non-executive Directors who will give their views after taking into account the advice of the Independent Financial Adviser) consider that the possible dilution impact on the shareholding interests of those Shareholders who do not subscribe for the Open Offer to be acceptable taking into consideration of the following factors:

- (a) for a private placement of securities, only selected investors are allowed to participate in the fund raising exercise. In contrast, all Shareholders are given the opportunity to take part in the Open Offer;

- (b) the initial conversion price of the Warrants of HK\$0.21 is higher than the recent prices of the Shares and therefore there is no immediate dilution effect on the shareholding interests of the Shareholders who do not subscribe for the Offer Shares; and
- (c) although any exercise of Warrants will lead to a dilution of shareholding interests of Shareholders who do not subscribe for the Offer Shares, this is considered to be fair as those Shareholders who support the Company by way of subscription of the Offer Shares should be rewarded by the capital gain arising from the disposal or exercise of the Warrants.

Exercise Price

The Exercise Price of HK\$0.21 per Warrant Share represents:

- (a) a premium of approximately 57.89% over the closing price of HK\$0.133 per Share as quoted on the Stock Exchange on 1 September 2014, being the Last Trading Day;
- (b) a premium of approximately 54.64% over the average closing price of HK\$0.136 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 1 September 2014, being the Last Trading Day; and
- (c) a discount of approximately 25.19% to the unaudited consolidated net asset value per Share of approximately HK\$0.281 (calculated by dividing the unaudited consolidated net asset value of the Group as at 30 June 2014 as shown in the interim results announcement of the Company for the six months ended 30 June 2014 by the number of Shares in issue as at 30 June 2014).

The Exercise Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to, among other things, (i) the current share price of the Company; (ii) the exercise period of the Warrants; (iii) the historical volatility of the share price of the Company; (iv) the amount of proceeds expected to be raised from the exercise of the Warrants; and (v) the attractiveness of the terms of the Open Offer.

When deciding to include the Bonus Issue with the Open Offer, the Board has considered the additional proceeds of HK\$235.9 million which will be raised from the full exercise of the Warrants. Although the Exercise Price represents a premium to the latest price of the Shares, it is still at a discount to the Group's consolidated net asset value per Share. Also, the price of the Shares has historically been trading at a much higher price. The average trading price of the Shares for the preceding five years was approximately HK\$0.309 with a high of HK\$0.82 per Share and a low of HK\$0.105 per Share. The Company believed the main reason for the Shares to be trading at a lower level in the recent years was that the Group's projects were not progressing as what was expected. The future performance of the Group's projects may have positive impact to the price of the Shares before the expiry of the Warrants.

Apart from the additional funding that the Company may raise upon the exercise of the subscription rights attaching to the Warrants, the purpose of the Bonus Issue is also to provide incentive to the Shareholders to accept the Offer Shares. For those Shareholders who have been Shareholders for a long time and understand the Group and the management well and who believe in the future prospect of the Group, they may take up the Offer Shares believing that the Warrants will become in-the-money within the exercise period. For other Shareholders, they may take up the Offer Shares (which only costs HK\$20 for a Shareholder holding a board lot of 2,000 Shares) and consider the Warrants as a potential gain which does not cost them anything by merely holding them at the moment. Shareholders who participate

in the Open Offer and will be issued the Warrants will not incur any additional costs for holding the Warrants. Although the Warrants are currently out-of-the-money, it is possible that the Warrants will become in-the-money over the exercise period. From the perspective of the warrant holders, the value of the Warrants will be zero or a positive value depending on the share price performance of the Company during the exercise period. In view of the aforesaid, the Directors (except the independent non-executive Directors who will give their views after taking into account the advice of the Independent Financial Adviser) consider that the issuance of the Warrants is beneficial to the subscribers of the Offer Shares as they may make a gain from the disposal or exercise of the Warrants.

Warrant Exercise Price Adjustment

The Exercise Price will be subject to adjustments in certain events, including:

- (a) an alteration to the nominal value of the Shares as a result of consolidation or subdivision;
- (b) issue of Shares credited as fully paid to Shareholders by way of capitalisation of profits or reserves, other than Shares issued in lieu of the whole or part of a cash dividend;
- (c) payment or making of any capital distribution to Shareholders; and
- (d) offer to Shareholders for subscription by way of rights, or grant to Shareholders any options or warrants to subscribe for new Shares, at a price which is less than 80% of the current market price on the date of the announcement of the terms of the offer or grant.

The Board confirms that the above are normal anti-dilutive adjustment events.

Every adjustment to the Exercise Price shall be certified either (at the option of the Company) by the auditors of the Company or by an approved merchant bank.

Ranking of the Warrants

The Warrant Shares when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares then in issue.

Fractions of the Warrants

Fractional entitlements to the Warrants to the Shareholders taking up the Offer Shares not in an integral multiple of five will not be issued.

Mandate to issue the Warrant Shares

The Warrant Shares will be allotted and issued under a specific mandate to be approved at the EGM by the Independent Shareholders.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Group is principally engaged in investment holding and development of a full range of natural resource-related projects involving hydrocarbons and other natural resources.

As previously disclosed in the announcements of the Company dated 28 April 2014 and 7 July 2014 (“**Previous Announcements**”), TerraWest Energy Corp. (“**TWE**”), a non-wholly owned subsidiary of the Company in which the Company held approximately 71.61% of the issued common shares and preferred shares in the capital of TWE, or approximately 82.92% of the issued common shares, preferred shares and warrants outstanding in the

capital of TWE on a fully diluted basis, respectively, has declared a dispute with China National Petroleum Corporation and / or its affiliates, including, among others, PetroChina Company Limited and PetroChina Coalbed Methane Company Limited in relation to the a coalbed methane production sharing contract in the Junggar Basin of Xinjiang, China. Please refer to the Previous Announcements for details.

As disclosed in the interim announcement of the Company on 18 August 2014, the Group had a bank balances and cash of approximately HK\$10.0 million as at 30 June 2014. The Board acknowledges that the Group will encounter difficulty in raising funds from financial institutions by way of equity and / or debt financing in light of its recent financial performance and positions. The Board has also considered to conduct a right issue instead of the Open Offer. However, if the Company raises funds via rights issue instead of the Open Offer, the Company would incur higher administrative costs of approximately HK\$100,000 for the preparation, printing, posting and processing of excess applications forms as well as making arrangements with the share registrar on the trading of nil paid rights. The Company will also involve additional time of two to three weeks and incur resources to administer the trading of the nil-paid rights including communication between the Company and other parties such as the registrar or financial printer, and these additional costs and time are difficult to quantify. The objective of the Open Offer is to enable the Shareholders to maintain their proportionate interests in the Company should they wish to do so, ensuring stability in the Company's Shareholders' base, and to participate in the Company's future growth and development. The Board therefore considers, since the Open Offer will already give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro-rata shareholding interests in the Company, even without the right to trade their nil-paid rights as in a rights issue, on balance, to conduct an Open Offer instead of a rights issue will be more beneficial to the Company and the Shareholders in the current circumstances.

The terms and structure of the Open Offer, including the combination of the Subscription Price and the offer ratio, were arrived at after arm's length negotiations between the Company and Colpo having taken into account the Group's financial position and its working capital requirements. While the Company has explored and proposed other combinations during the negotiations that may result in other dilution effect on the shareholdings of those Shareholders who do not take up the Offer Shares, Colpo was only willing to act as the Underwriter with the current structure of the Open Offer. The Company has attempted but was unable to identify other underwriters for the Open Offer. In view of the financial position of the Group and its need for funding, the Board considered a Subscription Price of HK\$0.02 per Offer Share, an offer ratio of one Offer Share for two Shares and the overall dilution effect to be acceptable and as a whole, in the interests of the Company and the Shareholders. In particular, the Company has exhausted all other fund raising options and the Open Offer with the current structure is the only one available at the moment which allows all Shareholders to participate in an equal and fair basis.

The Board is of the view that the Open Offer with the Bonus Issue will enable the Group to strengthen its capital base, to ease the Group's short-term financial stress and to enhance its financial position.

The estimated gross proceeds (before expenses) and the estimated net proceeds (after deduction of expenses, including the commission to be paid to the Underwriter) from the Open Offer will be not less than approximately HK\$34.9 million and HK\$33.4 million respectively and will not be more than approximately HK\$37.4 million and HK\$35.9 million respectively. The Company intends to apply the net proceeds from the Open Offer for general working capital of the Group.

The estimated maximum net proceeds from the full exercise of the Warrants will be approximately HK\$235.9 million. The net price per Warrant Share is approximately HK\$0.21. The Company intends to apply the net proceeds from the exercise of the Warrants for general working capital of the Group and / or other appropriate investments as may be identified by the Group.

Having taken into account the terms of the Open Offer and the Bonus Issue, the Directors (excluding the independent non-executive Directors who will give their views on the Open Offer after taking into account of the advice of the Independent Financial Adviser) considers that the Open Offer and the Bonus Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Furthermore, it also offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company to participate in the future development of the Company should they wish to do so. However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled and the Excluded Shareholders should note that their shareholdings in the Company will be diluted.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes only, the effects on the shareholding structure of the Company as a result of the Open Offer and the exercise of the Warrants based on different assumed scenarios are illustrated as follows (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date):

(1) Assuming none of the Exercisable Options having been exercised on or before the Record Date

Shareholder	As at the date of this announcement		Immediately after completion of the Open Offer (assuming no Qualifying Shareholders take up the Offer Shares, except Colpo as Shareholder and Underwriter and Mr. Chan as Shareholder)		Immediately after completion of the Open Offer and full exercise of the Warrants (assuming no Qualifying Shareholders take up Offer Shares, except Colpo as Shareholder and Underwriter and Mr. Chan as Shareholder)	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Colpo	1,188,680,000 (Note 1)	34.02	2,923,112,400	55.78	3,963,771,840	63.03
Mr. Chan (Note 1)	24,681,200	0.71	37,021,800	0.71	44,426,160	0.71
Sub-total of Colpo and parties acting in concert with it	1,213,361,200	34.73	2,960,134,200	56.49	4,008,198,000	63.74
Arthur Ross Gorrell	2,625,000	0.08	2,625,000	0.05	2,625,000	0.04
Tam Hang Chuen	1,000,000	0.03	1,000,000	0.02	1,000,000	0.02
Cool Legend Limited (Note 2)	452,400,000	12.95	452,400,000	8.63	452,400,000	7.19
Public shareholders	1,824,159,800	52.21	1,824,159,800	34.81	1,824,159,800	29.01
Total	3,493,546,000	100.00	5,240,319,000	100.00	6,288,382,800	100.00

(2) Assuming the Exercisable Options having been exercised in full on or before the Record Date

Shareholder	After the exercise of the Exercisable Options but immediately before completion of the Open Offer		Immediately after completion of the Open Offer (assuming no Qualifying Shareholders take up the Offer Shares, except Colpo as Shareholder and Underwriter and Mr. Chan as Shareholder)		Immediately after completion of the Open Offer and full exercise of the Warrant Shares (assuming no Qualifying Shareholders take up Offer Shares, except Colpo as Shareholder and Underwriter and Mr. Chan as Shareholder)	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Colpo	1,188,680,000 <i>(Note 1)</i>	31.74	3,035,802,400	54.04	4,144,075,840	61.48
Mr. Chan (Note 1)	50,681,200	1.35	76,021,800	1.35	91,226,160	1.35
Sub-total of Colpo and parties acting in concert with it	1,239,361,200	33.09	3,111,824,200	55.39	4,235,302,000	62.83
Arthur Ross Gorrell	7,625,000	0.20	7,625,000	0.14	7,625,000	0.11
Tam Hang Chuen	1,600,000	0.04	1,600,000	0.03	1,600,000	0.02
David Tsoi	1,500,000	0.04	1,500,000	0.03	1,500,000	0.02
Lo Chi Kit	1,100,000	0.03	1,100,000	0.02	1,100,000	0.02
Cool Legend Limited (Note 2)	452,400,000	12.08	452,400,000	8.05	452,400,000	6.71
Public shareholders	2,041,339,800	54.52	2,041,339,800	36.34	2,041,339,800	30.29
Total	3,744,926,000	100.00	5,617,389,000	100.00	6,740,866,800	100.00

Notes:

- The entire issued share capital of Colpo is beneficially wholly-owned by Mr. Chan, the Chairman, Chief Executive Officer and an executive Director of the Company, who is therefore deemed to be interested in 1,188,680,000 Shares held by Colpo.*
- The entire issued share capital of Cool Legend Limited is solely and beneficially owned by Mr. Thio Sing Tjay Charles, a director of Hugo Link Investments Limited, a subsidiary of the Company, who is therefore deemed to be interested in 452,400,000 Shares held by Cool Legend Limited.*

EXPECTED TIMETABLE OF THE OPEN OFFER

Despatch of circular with the notice and proxy form of EGM	Thursday, 18 September 2014
Latest time for lodging transfer of the Shares in order to be qualified for attending and voting at EGM	4:30 p.m. on Friday, 26 September 2014
Register of members of the Company closes (both dates inclusive)	Monday, 29 September 2014 to Wednesday, 8 October 2014
Latest time for lodging proxy forms for the purpose of the EGM.	12:00 noon on Monday, 6 October 2014
Date of the EGM	12:00 noon on Wednesday, 8 October 2014
Announcement of result of the EGM to be posted on the Stock Exchange's and the Company's websites.	Wednesday, 8 October 2014

Register of members of the Company reopens	Thursday, 9 October 2014
Last day of dealing in the Shares on a cum-entitlement basis	Thursday, 9 October 2014
First day of dealing in the Shares on an ex-entitlement basis	Friday, 10 October 2014
Latest time for lodging transfer of the Shares in order to be qualified for the Open Offer	4:30 p.m. on Monday, 13 October 2014
Register of members of the Company closes (both dates inclusive)	Tuesday, 14 October 2014 to Monday, 20 October 2014
Record Date for Open Offer with the Bonus Issue.	Monday, 20 October 2014
Register of members of the Company reopens	Tuesday, 21 October 2014
Despatch of Prospectus Documents.	Tuesday, 21 October 2014
Latest time for acceptance of and payment for Offer Shares	4:00 p.m. on Tuesday, 4 November 2014
Latest time for the termination of the Underwriting Agreement	4:00 p.m. on Wednesday, 5 November 2014
Announcement of the results of the Open Offer with the Bonus Issue to be posted on the Stock Exchange's and the Company's websites	Tuesday, 11 November 2014
Despatch of certificates for fully-paid Offer Shares and Warrants and refund cheque	Wednesday, 12 November 2014
Dealing in Offer Shares commences.	Thursday, 13 November 2014

All times stated in this announcement refer to Hong Kong times. Dates stated in this announcement for events in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the Open Offer and Bonus Issue will be announced as appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE OFFER SHARES

All times in this announcement refer to Hong Kong time. If there is a 'black' rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Tuesday, 4 November 2014, being the date of the Latest Time of Acceptance:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same Business Day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, the Latest Time for Termination) may be affected.

IMPLICATION UNDER THE LISTING RULES

As no excess application for the Offer Shares is available under the Open Offer and the Open Offer is underwritten by Colpo, who is a substantial Shareholder, pursuant to Rule 7.26A(2) of the Listing Rules, specific approval shall be obtained from the Independent Shareholders in respect of the absence of such excess application arrangement. Due to the above, Colpo and its associates (including Mr. Chan) shall abstain from voting at the EGM to approve the absence of such excess application arrangement.

The entering into of the Underwriting Agreement with Colpo, who is a substantial Shareholder, and the payment of the underwriting commission to Colpo as the Underwriter constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the underwriting commission to be received by Colpo of approximately HK\$380,000 (based on 1,265,782,400 Shares, being the maximum number of Offer Shares underwritten by Colpo under the Open Offer) is on normal commercial terms and all applicable percentage ratios (as defined in the Listing Rules) are less than 5%, the payment of the underwriting commission by the Company to Colpo is therefore exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules. Save for Mr. Chan, who holds the entire interest in the share capital of Colpo, had abstained from voting on the relevant board resolutions, none of the Directors has a material interest in the Open Offer, the Underwriting Agreement, the Undertaking, the Bonus Issue and the Whitewash Waiver and all matters contemplated thereunder and were not required to abstain from voting on the relevant board resolutions approving, among other things, the Open Offer, the Underwriting Agreement and all matters contemplated thereunder.

Pursuant to Rule 14A.92(2)(b) of the Listing Rules, provided that Rule 7.26A of the Listing Rules has been complied with, the allotment and issue of the Underwritten Shares to Colpo as the Underwriter pursuant to the Underwriting Agreement will be exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Open Offer will be conducted in compliance with Rule 7.26A of the Listing Rules as mentioned above.

Pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer is conditional on, among other things, the approval by the Independent Shareholders at the EGM by way of poll, at which any controlling Shareholders and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour. As at the date of this announcement, Colpo and Mr. Chan are together interested in approximately 34.73 % of the issued share capital of the Company and hence are controlling Shareholders. As such, Colpo and its associates (including Mr. Chan) shall abstain from voting in favour of the resolution in relation to the Open Offer at the EGM.

Immediately following the completion of the Open Offer, the Company should be able to maintain the public float as required under the Listing Rules. In the event that there is insufficient public float of the Company within the meaning of the Listing Rules immediately upon completion of the Open Offer, the Underwriter agrees and undertakes to take such appropriate steps as may be required to maintain the minimum public float for the Shares in compliance with Rule 8.08(1)(a) of the Listing Rules.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company did not conduct any fund raising activities in the past twelve months immediately prior to the date of this announcement.

ADJUSTMENTS RELATING TO SHARE OPTIONS UPON COMPLETION OF THE OPEN OFFER

Pursuant to the terms of the Share Option Schemes, the completion of the Open Offer will cause adjustments, as the case may be, to the exercise or conversion prices and/or the number of the outstanding Share Options. The Company will instruct its auditor or an approved financial adviser to review and certify the bases of such adjustments to the outstanding Share Options in compliance with Chapter 17 of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005 and in accordance with the terms of the Share Option Schemes. The Company will inform the holders of the Share Options and publish an announcement accordingly.

IMPLICATION UNDER THE TAKEOVERS CODE AND APPLICATION OF WHITEWASH WAIVER

As at the date of this announcement, Colpo, together with its beneficial owner and parties acting in concert with any one of them, is beneficially interested in 1,213,361,200 Shares, representing approximately 34.73% of the issued share capital of the Company. Mr. Chan holds 26,000,000 Share Options, all of which are Exercisable Options. To the best knowledge of the Company and having made all reasonable enquiries, Mr. Chan has no intention to exercise the 26,000,000 Exercisable Options held by him at any time on or before the Record Date.

In the event that, upon completion of the Open Offer (assuming no new Share being issued and no Share being repurchased by the Company on or before the Record Date), no Qualifying Shareholders will take up any Offer Shares (other than the Committed Shares), the Underwriter will be required to subscribe for and take up all Underwritten Shares, which will result in the total shareholding of Colpo and its ultimate beneficial owner and parties acting in concert with any of them in the Company increasing from 1,213,361,200 Shares, representing approximately 34.73 % of the issued share capital of the Company (not taking into account of the 26,000,000 Exercisable Options held by Mr. Chan, a concert party of Colpo, as such Exercisable Options have not been exercised as at the date of this announcement), to:

- (i) assuming that none of the Exercisable Options having been exercised on or before the Record Date, 2,960,134,200 Shares representing approximately 56.49% of the entire issued share capital of the Company as enlarged by the Offer Shares, or 4,008,198,000 Shares representing approximately 63.74% of the entire issued share capital of the Company as enlarged by the Offer Shares and assuming the full exercise of the Warrants; or
- (ii) assuming that the Exercisable Options having been exercised in full on or before the Record Date, 3,111,824,200 Shares representing approximately 55.40% of the entire issued share capital of the Company as enlarged by the Offer Shares, or 4,235,302,000 Shares representing approximately 62.83% of the entire issued share capital of the Company as enlarged by the Offer Shares and assuming the full exercise of the Warrants.

Accordingly, the underwriting of the Underwritten Shares by Colpo pursuant to the Underwriting Agreement, the subscription for the Committed Shares pursuant to the Undertaking and the exercise of the Warrants under the Bonus Issue will trigger an obligation

on Colpo, together with parties acting in concert with it, to make a mandatory offer under Rule 26 of the Takeovers Code for all the issued securities of the Company (including the Exercisable Options) not already owned or agreed to be acquired by Colpo and parties acting in concert with it, unless the Whitewash Waiver is obtained.

An application will be made by Colpo to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval by the Independent Shareholders at the EGM by way of poll, which Colpo and parties acting in concert with it and (if applicable) Shareholders who are not Independent Shareholders will abstain from voting at the EGM on the relevant resolutions. If the Whitewash Waiver is not granted by the Executive, the Open Offer and the Bonus Issue will not become unconditional and will not proceed.

Colpo has confirmed that (for itself and on behalf of parties acting in concert with it) neither it nor parties acting in concert with it have acquired any voting rights of the Company or have dealt in any relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) in the six months prior to the date of this announcement which would constitute disqualifying transaction under Paragraph 3 of Schedule VI of the Takeovers Code by itself and parties acting in concert with it before completion of the Open Offer.

As at the date of this announcement, other than the 1,213,361,200 Shares which Colpo and Mr. Chan are interested in and the 26,000,000 Share Options held by Mr. Chan:

- (i) Colpo and the parties acting in concert with it do not own, control or have direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (ii) save for the Underwriting Agreement and the Undertaking, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of Colpo or the Company which might be material to the Open Offer, the Underwriting Agreement, the Undertaking and/or the Whitewash Wavier;
- (iii) other than those set out in the paragraph headed “Conditions of the Open Offer with Bonus Issue” in this announcement, there is no agreement or arrangement to which Colpo is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Open Offer;
- (iv) Colpo and parties acting in concert with it have not received any irrevocable commitment to vote for the Open Offer, the Underwriting Agreement, the Undertaking and/or the Whitewash Wavier or to take up the securities of the Company to be offered to it under the Open Offer; and
- (v) Colpo and parties acting in concert with it have not borrowed or lent any relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) in the Company.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer with the Bonus Issue is conditional, inter alia, upon the fulfillment of the conditions set out under the section headed “Conditions of the Open Offer with the Bonus Issue” of this announcement. In particular, the Open Offer with the Bonus Issue is subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein (a summary of which is set out in the section headed “Termination

of the Underwriting Agreement” of this announcement). Accordingly, the Open Offer with the Bonus Issue may or may not proceed.

Any Shareholders or other persons dealing in the Shares up to the date on which all conditions to which the Open Offer with the Bonus Issue are fulfilled or waived (if applicable) (which is expected to be on Wednesday, 5 November 2014), will accordingly bear the risk that the Open Offer with the Bonus Issue may not become unconditional and may not proceed. If the Underwriter shall terminate the Underwriting Agreement, the Open Offer with the Bonus Issue will not proceed and will lapse. Any Shareholders or other persons contemplating any dealings in the Shares are advised to consult their own professional advisers.

Overseas Shareholders should note that they may or may not be entitled to the Open Offer with the Bonus Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Further details as to the entitlement of the Overseas Shareholders to the Open Offer with the Bonus Issue will be set out in the Prospectus to be despatched to the Shareholders relating to the Open Offer with the Bonus Issue.

GENERAL

The Board will appoint the Independent Financial Adviser to advise the Independent Board Committee (which will be formed and will comprise all independent non-executive Directors, namely Mr. David Tsoi, Mr. Lo Chi Kit and Mr. Tam Hang Chuen) and the Independent Shareholders on the terms of the Open Offer, the Bonus Issue and the Whitewash Waiver, and to make recommendations (i) as to whether the Open Offer, the Bonus Issue and the Whitewash Waiver are fair and reasonable; and (ii) as to voting of the resolution(s) to approve the Open Offer, the Bonus Issue and the Whitewash Waiver. Announcement will be made by the Company upon appointment of the Independent Financial Adviser.

A circular containing, among others, (i) the Open Offer, the Bonus Issue and the Whitewash Waiver; (ii) a letter from the Independent Board Committee to the Independent Shareholders setting out its recommendations in relation to the Open Offer, the Bonus Issue and the Whitewash Waiver; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders setting out its advice in relation to the Open Offer, the Bonus Issue and the Whitewash Waiver; and (iv) a notice of EGM, will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Takeovers Code and the Listing Rules.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, apart from Colpo and its associates (including Mr. Chan), there is no other Shareholder who shall abstain from voting on the relevant resolutions to approve the Open Offer, the Bonus Issue and the Whitewash Waiver at the EGM.

Subject to, among other things, the Open Offer, the Bonus Issue and the Whitewash Waiver being approved by the Independent Shareholders at the EGM, the Company will, on or around Tuesday, 21 October 2014, send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Prospectus (without the Application Form) to the Excluded Shareholders and the holders of the outstanding Share Options for information purpose only.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 2 September 2014 pending the release of this announcement. Application

has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 3 September 2014.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein.

“acting in concert”	has the meaning ascribed to it under the Takeovers Code;
“Application Form(s)”	the application form(s) in respect of the Open Offer to be used by the Qualifying Shareholder(s) to apply for the Offer Shares in the form agreed by the Company and the Underwriter;
“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Board”	board of Directors;
“Bonus Issue”	the proposed bonus issue of unlisted warrants on the basis of three Warrants for every five Offer Shares taken up;
“Business Day”	a day (other than a Saturday, a Sunday or days on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which banks in Hong Kong are generally opened for business for more than five hours;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Committed Shares”	being the 606,680,600 Offer Shares in aggregate, represent the maximum number of the Offers Shares to be offered to Colpo and Mr. Chan by the Company for subscription under the Open Offer, which Colpo irrevocably undertakes to and will procure Mr. Chan to accept and subscribe pursuant to the Undertaking;
“Colpo”	Colpo Mercantile Inc., a company incorporated in the British Virgin Islands and wholly-owned by Mr. Chan, the Chairman and Chief Executive Officer of the Company, an executive Director, the controlling shareholder of the Company as at the date of this announcement, and the Underwriter;
“Company”	Enviro Energy International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Director(s)”	director(s) of the Company;

“EGM”	the extraordinary general meeting of the Company to be convened on or about 12:00 noon on Wednesday, 8 October 2014 (or any adjournment thereof) for the Independent Shareholders to consider, and if thought fit, approve, among others, the Open Offer, the Bonus Issue and the Whitewash Waiver;
“Exercisable Options”	the outstanding Share Options which have been vested and are exercisable, in aggregate 251,380,000 Share Options;
“Exercise Price”	the initial exercise price of HK\$0.21 per new Share (subject to adjustment) at which the holders of the Warrants may subscribe for the new Share(s);
“Excluded Shareholder(s)”	(if any) the Overseas Shareholders whom the Board, based on legal opinions obtained, is of the opinion that it would be necessary or expedient not to offer the Offer Shares;
“Executive”	Executive Director of the Corporate Finance Division of the SFC of Hong Kong or any of his delegates;
“Group”	the Company and its subsidiaries;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	a committee of the Board, comprising all independent non-executive Directors to advise the Independent Shareholders on the Open Offer, the Bonus Issue and the Whitewash Waiver;
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee (which will be formed and will comprise all independent non-executive Directors) and the Independent Shareholders on the terms of the Open Offer, the Bonus Issue and the Whitewash Waiver;
“Independent Shareholders”	Shareholders other than Colpo, its associates and parties acting in concert with it, and those who are involved in, or interested in the Open Offer, the Bonus Issue and / or the Whitewash Waiver;
“Last Trading Day”	1 September 2014, being the last trading day prior to the publication of this announcement;
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 4 November 2014 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of and payment for, the Offer Shares in the manner as set out in the Prospectus Documents (or such other time or date as the Underwriter and the Company may agree in writing);

“Latest Time for Termination”	4:00 p.m. on the following Business Day immediately after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement (or such other time or date as the Underwriter and the Company may agree in writing);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules;
“Mr. Chan”	Mr. Chan Wing Him Kenny;
“Offer Share(s)”	not less than 1,746,773,000 Offer Shares (assuming none of the Exercisable Options having been exercised on or before the Record Date); and not more than 1,872,463,000 Offer Shares (assuming the Exercisable Options having been exercised in full on or before the Record Date) proposed to be offered to the Qualifying Shareholders for subscription under the Open Offer;
“Open Offer”	the proposed issue of the Offer Shares by the Company on the basis of one Offer Share for every two Shares held on the Record Date at the Subscription Price, which is subject to the terms and conditions of the Prospectus Documents;
“Overseas Shareholders”	the Shareholders (if any) with registered addresses on the register of members of the Company which are outside Hong Kong at the close of business on the Record Date;
“Prospectus”	the prospectus to be issued by the Company to the Qualifying Shareholders together with the Application Form in relation to the Open Offer, and if, to the extent legally and practically permissible, to despatch (without the Application Form) to the Excluded Shareholders and the holders of the outstanding Share Options for information purposes only;
“Prospectus Documents”	the Prospectus and the Application Form;
“Prospectus Posting Date”	Tuesday, 21 October 2014 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents;
“Qualifying Shareholders”	the Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date;
“Record Date”	Monday, 20 October 2014, or such other date as may be

agreed between the Underwriter and the Company, being the date by reference to which entitlements to the Open Offer will be determined;

“Registrar”	Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong;
“SFC”	Securities and Futures Commission of Hong Kong;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Share Options”	the share options granted under the share option schemes adopted by the Company;
“Share Option Schemes”	the share option schemes adopted by the Company on 25 January 2003 and 12 May 2011;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules;
“Subscription Price”	HK\$0.020 per Offer Share;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Undertaking”	the letter of undertaking dated 1 September 2014 given by Colpo to the Company in relation to its irrevocable undertaking to accept and procure Mr. Chan to accept the subscription and payment for the Committed Shares under the Open Offer;
“Underwritten Shares”	the total number of the Offer Shares (other than the Committed Shares) which are offered to the Qualifying Shareholders to subscribe for and fully underwritten by the Underwriter pursuant to the Open Offer;
“Underwriter”	Colpo;
“Underwriting Agreement”	the underwriting agreement dated 1 September 2014 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer;
“Warrant(s)”	the unlisted warrant(s) (in registered form and by way of deed poll) to be issued by the Company to the first registered holders of the Offer Shares on the basis of three

	Warrants for every five Offer Shares taken up;
“Warrant Share(s)”	Share(s) to be issued upon the exercise of the subscription rights attaching to the Warrants;
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to note 1 on dispensation from Rule 26 of the Takeovers Code in respect of the obligations of Colpo and parties acting in concert with it, to make a mandatory general offer for all the securities of the Company (including the Exercisable Options) not already owned or agreed to be acquired by Colpo and parties acting in concert with it, which would otherwise arise as a result of the Underwriter being required to perform its underwriting commitment under the Underwriting Agreement and the exercise of the Warrants under the Bonus Issue;
“HKS”	Hong Kong dollars, 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, 2 September 2014

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.