THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Enviro Energy International Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser(s) or transferee(s).

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of Enviro Energy International Holdings Limited.

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Enviro Energy International Holdings Limited
環能國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Website: http://www.enviro-energy.com.hk

(Stock Code: 1102)

(1) PROPOSED DISTRIBUTION IN SPECIE; AND
(2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Opus Capital Limited 創富融資有限公司

Terms used in this cover shall have the same meanings as defined in this circular.

A notice convening the EGM to be held on Wednesday, 28 January 2015 at 10:00 a.m. at Unit 806, Level 8, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong is set out on pages 115 to 116 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time fixed for holding the EGM of the Company or any adjournment thereof. Completion and return of form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof, if you so wish.

12 January 2015

CONTENTS

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

"Aces Diamond"	Aces Diamond International Ltd., a company incorporated in BVI with limited liability on 11 February 2009 and a wholly-owned subsidiary of the Company prior to completion of the Group Restructuring;
"Act"	the BVI Business Companies Act, 2004 of the British Virgin Islands;
"Announcements"	the announcements of the Company dated 24 November 2014 and 5 December 2014 in relation to the Distribution in Specie;
"Board"	board of Directors;
"BVI"	the British Virgin Islands;
"Chavis"	Chavis International Ltd., a company incorporated in BVI with limited liability on 2 January 2008 and a wholly-owned subsidiary of the Company prior to completion of the Group Restructuring;
"CNPC"	China National Petroleum Corporation and/or its affiliates, including, among others, PetroChina Company Limited and PetroChina Coalbed Methane Limited;
"Colpo"	Colpo Mercantile Inc., a company incorporated in BVI and wholly-owned by Mr. Chan, the Chairman and Chief Executive Officer of the Company, an executive Director and the controlling shareholder of the Company as at the date of this circular;
"Companies Law"	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
"Company"	Enviro Energy International Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
"Director(s)"	director(s) of the Company;
"Distribution in Specie"	a distribution in specie of the Privateco Shares by the Company to the Shareholders;

"EGM"	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider, and if thought fit, approve the Distribution in Specie and the application of the Share Premium Account to effect the Distribution in Specie;
"Group"	the Company and its subsidiaries;
"Group Restructuring"	the proposed group restructuring of the Group, details of which are set out under the paragraph headed "Group Restructuring" in this circular;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Independent Board Committee"	the independent board committee of the Company comprising all independent non-executive Directors, namely Mr. David Tsoi, Mr. Lo Chi Kit and Mr. Tam Hang Chuen, which has been formed for the purpose of advising the Independent Shareholders in respect of the Distribution in Specie;
"Independent Shareholder(s)"	the Shareholder(s) other than Mr. Chan, his associates and parties acting in concert with him (including Colpo);
"Latest Practicable Date"	Thursday, 8 January 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion herein;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Mr. Chan"	Mr. Chan Wing Him Kenny;
"Opus Capital Limited" or "Independent Financial Adviser"	a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities; the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Distribution in Specie;
"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;

"Privateco"	Chinook Holdings Limited, a company incorporated in BVI with limited liability, and upon completion of the Group Restructuring prior to the Distribution in Specie, will become a direct wholly-owned subsidiary of the Company which will wholly own Aces Diamond International Ltd. and Chavis International Ltd.;
"Privateco Group"	Privateco and its subsidiaries upon completion of the Group Restructuring;
"Privateco Share(s)"	ordinary share(s) of Privateco;
"Record Date"	a date fixed for determining entitlements of the Shareholders to the Distribution in Specie, which is expected to be on Thursday, 5 February 2015;
"Remaining Businesses"	the Group's marble business and other activities carried on by the Remaining Group upon completion of the Group Restructuring and the Distribution in Specie;
"Remaining Group"	the Company and the Remaining Subsidiaries upon completion of the Group Restructuring and the Distribution in Specie;
"Remaining Subsidiaries"	the remaining subsidiaries of the Company upon completion of the Group Restructuring and the Distribution in Specie, which includes all current subsidiaries of the Company other than the Privateco Group;
"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 Premium Account"	the share premium account of the Company from time to time;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Termination"	the purported termination of the coalbed methane production sharing contract pursuant to a notice issued by TWE to CNPC on 3 July 2014;
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs;

"TWE"	TerraWest Energy Corp., a non-wholly owned subsidiary of the Company;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong; and
"%"	per cent.

The expected timetable for the Distribution in Specie as set out below is for indicative purposes only. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

Despatch of Circular of Distribution in Specie	Monday, 12 January 2015
Latest time for lodging transfer of the Shares in order to be qualified for attending and voting at the EGM	4:30 p.m. on Friday, 23 January 2015
Register of members of the Company closes (both days inclusive)	Monday, 26 January 2015 to Wednesday 28 January 2015
Latest time and date for lodging proxy forms for the EGM	10:00 a.m. on Monday, 26 January 2015
Time and date of the EGM	10:00 a.m. on Wednesday, 28 January 2015
Announcement of results of the EGM to be posted on the Stock Exchange's and the Company's websites	Wednesday, 28 January 2015
Register of members of the Company reopens	Thursday, 29 January 2015
Expected completion of the Group Restructuring	Thursday, 29 January 2015
Last day of dealings in the Shares cum-entitlement to the Distribution in Specie	Thursday, 29 January 2015
First day of dealings in the Shares ex-entitlement to the Distribution In Specie	Friday, 30 January 2015
Latest date and time for lodging transfers of Shares to qualify for entitlement to the Distribution in Specie	4:30 p.m. on Monday, 2 February 2015
Register of members of the Company closes (both days inclusive)	Tuesday, 3 February 2015 to Thursday, 5 February 2015
Record Date	Thursday, 5 February 2015
Register of members of the Company reopens	Friday, 6 February 2015
Despatch of certificates for Privateco Shares	Wednesday, 18 February 2015

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)

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

Registered Office:
Cricket Square, Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:
Unit 806, Level 8
Core D, Cyberport 3
100 Cyberport Road
Hong Kong

12 January 2015

To the Shareholders

Dear Sir/Madam,

(1) PROPOSED DISTRIBUTION IN SPECIE; AND (2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING

DISTRIBUTION IN SPECIE

Shareholders should note that upon completion of the Distribution in Specie, the Privateco Group will cease to be subsidiaries of the Company and will be held directly by the Shareholders. No application will be made for the listing of, and permission to deal in, the Privateco Shares on the Stock Exchange or any other stock exchange. The Privateco Shares will not have a liquid market as compared to the Shares which are traded on the Main Board of the Stock Exchange. The Privateco Group will not be regulated by the Stock Exchange and will comply with the Listing Rules only to the extent relevant provisions are incorporated in the new articles of association to be adopted by the Privateco on completion of the Group Restructuring. Shareholders should note that the outcome of the arbitration is uncertain and in the event that the arbitration is not successful, no proceeds will be distributed to the shareholders of Privateco.

It was announced on 24 November 2014 and 5 December 2014 that the Company considered putting to the Shareholders for consideration a proposed Distribution in Specie to the Shareholders whose name appear on the register of members of the Company on the Record Date on the basis of one Privateco Share for every Share held.

A meeting of the Board was held on 4 December 2014 and the Board approved (subject to the approval of Shareholders) the payment of a special dividend by way of the Distribution in Specie.

The application of the Share Premium Account to effect the Distribution in Specie will be subject to the passing of an ordinary resolution by the Independent Shareholders by way of poll at the EGM, and to the Company being able to pay its debts as they fall due in the ordinary course of business, in each case in accordance with the articles of association of the Company and the Companies Law.

No application will be made for the listing of, and permission to deal in, the Privateco Shares on the Stock Exchange or any other stock exchange.

Upon completion of the Distribution in Specie, the Privateco Group will cease to be the subsidiaries of the Company and Privateco will be held directly by the Shareholders. The Company will continue as a publicly listed company on the Stock Exchange and will continue to operate the Remaining Business.

If any Shareholder does not wish to participate in the Distribution in Specie, he/she may sell their Shares on or before the last day of dealings in the Shares cum-entitlements to the Distribution in Specie, which is expected to be Thursday, 29 January 2015.

Group Restructuring

The Group Restructuring will be implemented to prepare for the separation of the Privateco Group from the Remaining Businesses in order to facilitate the Distribution in Specie. The Group Restructuring involved the incorporation of Privateco which took place on 24 December 2014 and will involve the transfer of interests in each of Aces Diamond International Ltd. and Chavis International Ltd. to Privateco such that the Company will directly hold the entire interest in Privateco, to facilitate the Distribution in Specie.

The Group Restructuring shall be conducted on terms which are (i) in compliance with all applicable laws and regulations of all relevant jurisdictions including Hong Kong, BVI and the Cayman Islands; and (ii) where applicable, pursuant to the requirements of the Stock Exchange or such other governmental or regulatory bodies or authorities of competent jurisdiction.

The Group Restructuring does not require prior approval of Shareholders as all steps are conducted between the Company and its wholly-owned subsidiaries.

Conditions of the Distribution in Specie

The Distribution in Specie is conditional upon:

(i) completion of the Group Restructuring; and

(ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Distribution in Specie and the application of the Share Premium Account to effect the Distribution in Specie.

None of the above conditions can be waived.

Arrangements for Shareholders

The distribution of Privateco Shares will be arranged by Tricor Investor Services Limited. Shareholders holding Shares through CCASS will need to inform CCASS about their denomination before the Distribution in Specie. CCASS will then inform Tricor Investor Services Limited on the number of share certificates and their denominations to be printed and distributed. The notification to Tricor Investor Services Limited on the number of share certificates and their denominations by Shareholders holding Shares through CCASS should be conducted through their brokers, and this is expected to take place between the Record Date, Thursday, 5 February 2015, and the day of dispatch of certificate of Privateco Shares, Wednesday, 18 February 2015. CCASS will be setting a deadline for brokers by which brokers have to submit the required information. As it is the responsibility of brokers to notify CCASS, CCASS would not directly communicate with individual Shareholders.

Shareholders are encouraged to consult their brokers on the arrangements if they have any questions.

For any future transfer of Privateco Shares, Tricor Investor Services Limited will act as the transfer agent. Shareholders of Privateco Shares will need to inform Tricor Investor Services Limited on the transfer and for each transfer, Tricor Investor Services Limited will charge HK$2.50.

Overseas Shareholders

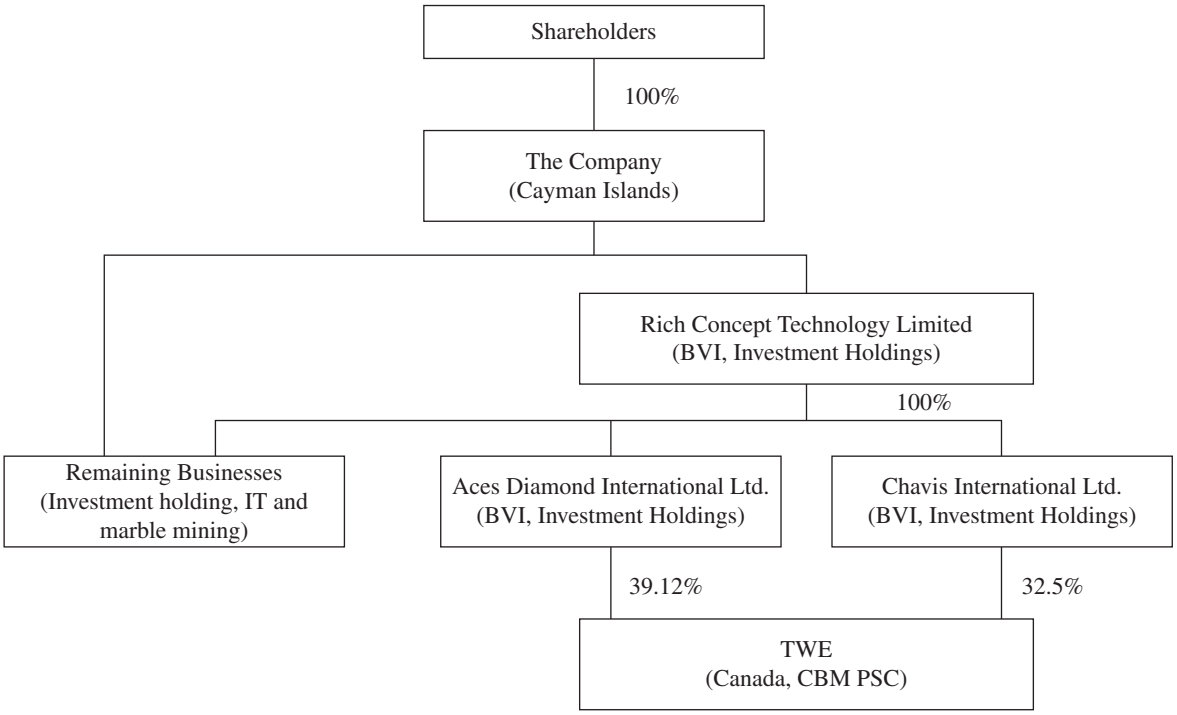
As the Distribution in Specie to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdiction outside Hong Kong, Overseas Shareholders who are citizens or residents or nationals of a jurisdiction outside Hong Kong should keep themselves informed about and observe any applicable legal or regulatory requirements and where necessary seek legal advice. It is the responsibilities of the Overseas Shareholders to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions). As at the Latest Practicable Date, the Company did not have any Overseas Shareholders. In the event that the Company has any Overseas Shareholders as at the close of business on the Record Date, the Board will make enquiries regarding the legal restrictions under the applicable securities

legislation of the relevant jurisdictions and the requirements of the relevant regulatory body or stock exchange with respect to the offer of the Distribution in Specie to such Overseas Shareholders. If there are no legal restrictions, the Distribution in Specie will be extended to the applicable Overseas Shareholders. If the advice from legal advisers is that either (i) the Circular will be required to be registered or filed with or subject to approval by the relevant regulatory authorities (as the case may be) in these jurisdictions; or (ii) the Company would need to take additional steps to comply with the regulatory requirements of the relevant regulatory authorities in these jurisdictions, and as a result the Company would need to incur additional time and costs for legal compliance (as the case may be), the Directors are of the view that it would be expedient not to extend the Distribution in Specie to such Overseas Shareholders.

Group structure

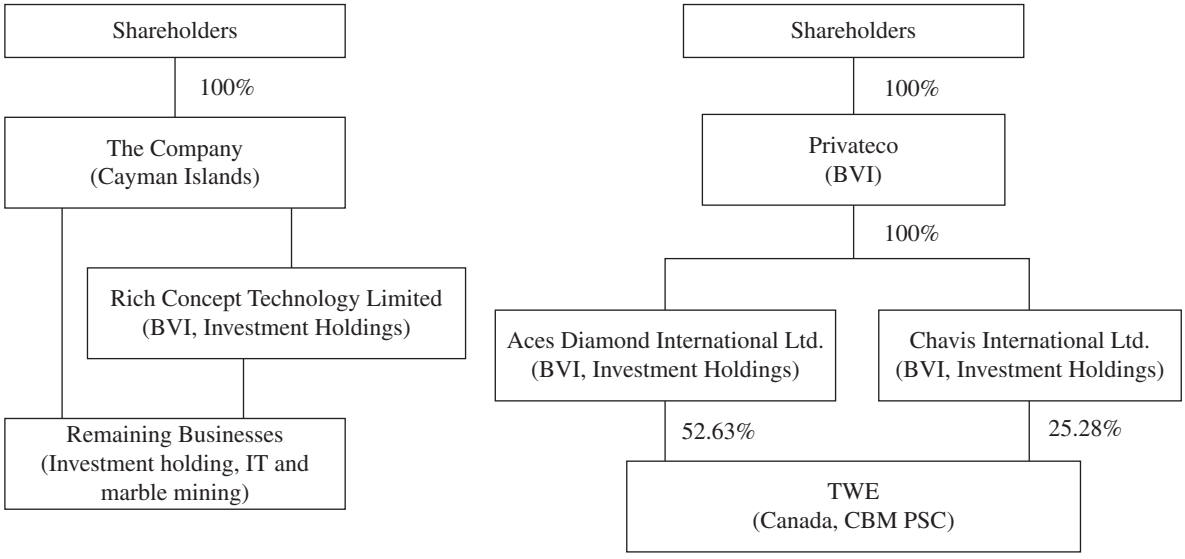
Current structure

Set out below is a summary of the current shareholding structure of the Group as at the Latest Practicable Date:



Structure after the Distribution in Specie

The charts below show in summary the respective structure of the Privateco Group and the Remaining Group immediately after completion of the Group Restructuring and the Distribution in Specie:



INFORMATION ON THE PRIVATECO GROUP

As at the Latest Practicable Date, the Company, through Aces Diamond and Chavis, 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. As part of the Group Restructuring and to settle the outstanding payables due from TWE to the Company, Aces Diamond will exercise certain warrants in the capital of TWE. Upon completion of the Group Restructuring, the Privateco Group, through Aces Diamond and Chavis, will hold approximately 77.91% 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. TWE holds a 47% interest in and is the operator in the first and currently the only, foreign-operated coalbed methane ("**CBM**") production sharing contract ("**PSC**") in the Junggar Basin of Xinjiang, China. CNPC holds the remaining 53% of the PSC.

Prior to the Termination, the PSC had been administered by PetroChina Coalbed Methane Company Limited, an indirect subsidiary of CNPC. TWE pioneered CBM operations in the Xinjiang region of China and since the PSC came into force in 2006, the project has reported independently evaluated discovered CBM resources and natural gas resources in-place. To date, these are the only independently evaluated CBM resources (including substantial natural gas in other rocks) reported in the Junggar Basin. These reported results, estimated based on drilling results according to international resource-reporting standards, reflect the substantial resource value for both TWE and CNPC, in-place within the total PSC area.

The PSC was executed on 30 December 2005 and came into effect on 1 March 2006. Prior to the Termination, the PSC covered an area of 653.718 square kilometers (approximately 255 square miles) and provided the parties to the contract exclusive rights across the entire area of the PSC, to explore for, develop, produce and sell gas consisting methane and stored in the formations as stated in the PSC.

As previously disclosed in the announcements of the Company dated 28 April 2014 and 7 July 2014, TWE has declared a dispute ("**Dispute**") with CNPC in relation to the PSC. TWE has subsequently advised its shareholders that it has taken advice from its retained special international arbitration counsel and a notice was issued to CNPC on 3 July 2014 to terminate the PSC. In reaching the decision on the Termination, TWE has taken into account CNPC's breaches of the PSC, including the breakdown in the relationship between TWE and CNPC, the reduction in the CBM exploration area as previously reported and the scale of ongoing coal mining activities, and the fact that the project is no longer operationally viable.

On 4 July 2014, TWE's counsel, on behalf of TWE, formally served a notice of arbitration on PetroChina Company Limited and CNPC. By this notice of arbitration, TWE seeks an award of damages ("**Damages**") as compensation for the losses caused by CNPC's prior breaches of the PSC, together with declaratory relief, costs and interest. The amount of damages has taken into account, among others (i) the CBM discovered resources as previously reported by an independent third party in 2010 according to reporting standard National Instrument 51–101 Standards of Disclosure for Oil and Gas Activities; and (ii) the original gas in place as previously reported by an independent third party in 2011 according to Petroleum Resources Management System of the Society of Petroleum Engineers, details of which have been set forth in the Company's annual report for the year ended 31 December 2013.

The report mentioned above regarding the CBM discovered resources according to standard National Instrument 51–101 Standards of Disclosure for Oil and Gas Activities was a competent person's report dated 3 November 2010 and was included in the circular of the Company dated 9 December 2010 ("**NI 51–101 CPR Report**"), when the trading of the Shares were transferred from the Growth Enterprise Market to the Main Board of the Stock Exchange ("**2010 Circular**"). As disclosed in the Company's previous financial reports, from the date of the NI 51–101 CPR Report and up to the Company's most recent 2014 interim report for the six months ended 30 June 2014, there were no material changes to the resource figures disclosed in the NI 51–101 CPR Report. Shareholders may refer to the 2010 Circular for details of the N1 51–101 CPR Report. Accordingly, the Directors do not consider the repeated disclosure of the NI 51–101 CPR Report in this circular to be meaningful for the Shareholders when considering the Distribution in Specie.

As at the Latest Practicable Date, TWE has completed the appointment of an international arbitrator to be one of three arbitrators on the arbitration tribunal. CNPC has, before the extended deadline, similarly appointed an arbitrator. The third arbitrator, as chairman, has also been appointed and the details of the arbitration, including place and timetable, shall be finalised.

Prior to the Termination, the project was still in exploration and evaluation phases and did not generate any revenue. As of 30 June 2014, the value of the oil and gas properties attributed to the PSC amounted to approximately HK$1,063.9 million on the Group's financial statements. TWE is now seeking an award of Damages, and when assessing the recoverable amount of the oil and gas properties, the Directors have taken into account the merits of the Dispute and the basis for the Damages as mentioned above. Shareholders should note that the Termination is a purported termination and is not effective until it has been ruled by the arbitration tribunal following the hearing, and pursuant to the PSC the right to arbitrate disputes survives the purported termination of the PSC. As a result, having considered the abovementioned merits and basis of the claim and assessing the likelihood of a successful outcome from the arbitration process, the Directors have concluded that oil and gas properties would not be derecognised as at 30 September 2014, and that no impairment losses are required as the accrued damages that are recoverable by TWE for the counterparties' breaches of contract occurring prior to the Termination is likely to far exceed its carrying value as at the Latest Practicable Date, despite the purported termination of the PSC. Shareholders should note that the Company's reporting accountants were unable to perform the procedures they considered necessary, including obtaining written opinion from the arbitration counsel in relation to the likelihood of success of the claim, to assess the recoverable amount of the oil and gas properties, and there were no alternative procedures that they could perform to assess the recoverable amount of the oil and gas properties and whether any impairment charge should be made, and accordingly have disclaimed their conclusion on the financial information of the Privateco Group. Please refer to Appendix II to this circular for details. Assuming there is no further information and development regarding the arbitration, a similar disclaimer is expected to be in place when the Company announces its financial results for the year ended 31 December 2014.

REASONS FOR THE DISTRIBUTION IN SPECIE

The Board believes it is in the best interest of the Company and Shareholders to effect the Distribution in Specie for the following reasons:

(i) as TWE is a non-wholly owned subsidiary of the Company, TWE has been sending updates to the Company regarding the development of the arbitration including the issuance of notices to CNPC to commence the arbitration process, the matters in dispute, the engagement of special international arbitration counsel and the termination of the PSC. As and when the Company received these updates, it published announcements on the websites of the Stock Exchange and the Company to ensure timely and even dissemination of information to the Shareholders. As the arbitration continues, the Company expects to receive further updates from TWE which may include information regarding the content of the determination of arbitration directions such as timetable, use of language and arbitration seat, the date of submission of the pleadings by the claimant, the submission of defence by the respondent, the production of evidence documents, the examination of expert witnesses and the outcome of the arbitration. However, it is generally assumed as a matter of commercial dealings that arbitration proceedings will be (a) private (third parties who are not a party to the arbitration agreement cannot attend any hearings or play any part in the arbitration proceedings); and (b) confidential (which is a main

reason commercial parties choose arbitration over court proceedings to resolve disputes. Arbitration arises through the contractual agreement to arbitrate that provides the necessary legal framework for arbitration in a private manner, as opposed to a dispute in a court which is open to the public and the press). The Board considers that any public disclosure of information regarding the arbitration may affect the negotiation and outcome of a possible settlement. Therefore, it will be beneficial to the Shareholders, who will ultimately have a direct interest in the possible outcome, if the Privateco Group is separated from the Group by effecting the Distribution in Specie (subject to the conditions as mentioned above);

(ii) as mentioned, parties to the arbitration have just appointed the arbitrators for the arbitration and the details of the arbitration, including place and timetable are yet to be finalised. The arbitration is still at its early stage at the moment and timing of the arbitration may take a long time. The existence of an arbitration within the Group affects the Company's funding ability on other projects as some financial institutions that the Company has approached have expressed concern on the impact that the arbitration may have on the Group as a whole. In light of the uncertainty as to the timing and the outcome of the arbitration and taking into account the imminent impact the arbitration has on the Group in its fund raising ability which in turn affects the future development of the Group, the Board considers the Distribution in Specie to be in the interests of the Company and the Shareholders; and

(iii) the only outcome from the arbitration, if successful, would be a cash payment from CNPC, and it is the current intention of TWE to distribute all proceeds, after all relevant tax and expenses, to its shareholders. The Group Restructuring and the Distribution in Specie have the objective of enabling the Shareholders to hold a direct investment in the Privateco Group thereby allowing them to benefit from the proceeds to be received by TWE, if the outcome of the arbitration is successful, and at the same time the Company can focus on developing the Remaining Businesses. It should be emphasised that upon completion of the Distribution in Specie, the Shareholders maintain their respective interest, on a pro rata basis, in the Privateco Group and there will be no dilutive effect on such interests.

The Board is aware that the Privateco Shares do not have a liquid market as compared to the Shares which are traded on the Main Board of the Stock Exchange and no cash exit could be offered to the Shareholders to realise all or part of their shareholdings in the Privateco Group. The Board has considered these issues but with the current status of the arbitration, it is difficult and inappropriate to impose a value on the Privateco Group and hence the value of a Privateco Share. In addition, the Privateco Group is not in operation and, as mentioned above, the only outcome of the arbitration, if successful, would be a cash payment from CNPC, and it is the current intention of TWE to distribute all proceeds, after all relevant tax and expenses, to its shareholders. Having taken into account the benefits the Distribution in Specie may bring to the Company and the Shareholders, the Board considers the Distribution in Specie, on balance, although without a market trading facilities for the Privateco Shares, is in the interest of the Shareholders.

In any event, any Shareholder who does not wish to participate in the Distribution in Specie may sell his/her Shares on or before the last day of dealings in the Shares cum-entitlements to the Distribution in Specie, which is expected to be Thursday, 29 January 2015.

INTENTION OF THE PRIVATECO GROUP

Privateco was incorporated in BVI with limited liability on 24 December 2014 and has not carried on any business since its incorporation. Upon completion of the Group Restructuring, Privateco's principal activity will be investment holding. It is the intention that the Privateco Group will not conduct any business other than to be involved in the arbitration. In addition, the Privateco Group will not hold any assets other than its equity interest in TWE, nor will it inject any major assets, nor dispose of any majors assets unless prior approval by the holders of Privateco Shares has been obtained. As at the Latest Practicable Date, the PSC has been purportedly terminated, TWE was no longer the operator of the PSC and the only activity TWE is currently engaged in is participation in the arbitration.

As disclosed in the Announcements, the only outcome from the arbitration, if successful, would be a cash settlement from CNPC, and it is the current intention of TWE to distribute all settlement proceeds, after payment of all relevant tax and expenses, to its shareholders. Under the articles of TWE, subject to the Business Corporations Act of Canada and the rights of the holders of issued shares of TWE, the directors of TWE may from time to time declare and authorise payment of such dividends as they may deem advisable.

Upon receipt of such dividends (if any) from TWE, it is the current intention of Aces Diamond and Chavis, being the shareholders of TWE and wholly-owned subsidiaries of the Privateco upon completion of the Group Restructuring, to distribute such dividends, after payment of all relevant tax and expenses, to the Privateco. Similarly, it is the current intention of the Privateco to distribute such dividends, after payment of all relevant tax and expenses, to its shareholders.

Aces Diamond, Chavis and Privateco are all BVI companies and the provisions in their articles of association which govern dividend payments are substantially the same. In summary, subject to the Act, the directors of the relevant company may declare and pay to all members a dividend in such amount as they think fit if they are satisfied on reasonable grounds that immediately after payment the value of the company's assets exceeds its liabilities and the company is able to pay its debts as they fall due.

In the event that the arbitration is not successful, TWE will be dissolved, and correspondingly the Privateco, Aces Diamond and Chavis will be dissolved as well, all in accordance with their constitutional documents and applicable law.

As and when Privateco receives an update from TWE regarding the arbitration, a letter summarising the contents of such an update will be sent to the shareholders of Privateco to their registered address as appearing in the register of members of Privateco. Audited financial statements of the Privateco will be prepared for each financial year and a copy of which together with the directors' report will be sent to the shareholders of Privateco within the time prescribed under the Listing Rules. However, subject to compliance with all applicable laws, the Privateco may instead send to its shareholders a summary financial statement derived from

the Privateco's annual accounts and the directors' report instead provided that any shareholder may by notice in writing served on the Privateco, demand that the Privateco sends to him, in addition to a summary financial statement, a complete printed copy of the Privateco's annual financial statements and the directors' report thereon.

Interests of the shareholders of Privateco will be safeguarded by the proposed new articles of association of Privateco to be adopted on completion of the Group Restructuring ("**New Articles**"), which will be comparable to the existing articles of association of the Company and contain provisions comparable to the rules governing connected transactions and notifiable transactions contained in the Listing Rules, so that certain transactions will be subject to independent shareholders' approval and independent advice. In particular, the following are some provisions of the New Articles which will safeguard the interests of the shareholders of Privateco:

Connected Transactions

Any connected transaction falling within the definition of the Listing Rules which requires the approval of independent shareholders must be approved by the disinterested shareholders of Privateco by way of ordinary resolution in general meeting, the notice convening which is accompanied by a circular containing the advice of an independent financial adviser

Notifiable Transactions

Any notifiable transaction falling within the definition of the Listing Rules which requires the approval of shareholders must be approved by the shareholders of Privateco by way of ordinary resolution in general meeting.

Issue of new shares or securities convertible into shares

Subject to the provisions of the Act and the New Articles and any direction that may be given by Privateco in general meeting and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the board of directors of Privateco may allot and issue shares in Privateco to such persons and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount. However, no shares or securities convertible into shares of Privateco will be issued for cash unless they are first offered to all shareholders in proportion to their respective shareholdings in Privateco.

Engagement in new business

Privateco may not engage in any business other than those carried out by Privateco as at the date of adoption of the New Articles unless approved by the shareholders of Privateco by way of ordinary resolution in general meeting. As at the date of adoption of the New Articles, the only business that will be carried out by Privateco will be the holding of its equity interest in TWE through its shareholding interests in Aces Diamond and Chavis.

Payment of dividends

Pursuant to the New Articles, subject to the Act, the directors of Privateco shall make a declaration and pay to all shareholders on a pro rata basis a dividend upon the receipt by the Company of any dividend or distribution from company(ies) in which it has an equity interest provided they are satisfied on reasonable grounds that immediately after payment the value of Privateco's assets exceeds its liabilities and Privateco is able to pay its debts as they fall due.

Disposal of assets

The disposal of assets of Privateco or any of its subsidiaries by the directors will have to comply with the requirements under the paragraphs headed "Connected Transactions" and "Notifiable Transactions" set out above. Subject to these restrictions, the directors may sell, transfer, secure, exchange or otherwise dispose of the assets of Privateco without authorisation by the shareholders.

Directors' interests

Under the New Articles, a director of the Privateco shall not vote on board resolutions approving any contract or arrangement concerning any other company in which he or his close associate(s) is/are materially interested, whether directly or indirectly, as an officer or executive or a shareholder or in which he and any of his close associates are interested in issued shares or voting rights of any class of shares of such company (or of any third company through which his interest or that of any his close associates is derived).

A summary of the proposed new articles of association of Privateco is set out in Appendix IV to this circular. Interests of the Privateco shareholders will also be safeguarded by the Takeovers Code (until the Privateco is no longer regarded as a public company for the purposes of the Takeovers Code).

Since the beginning of the arbitration, TWE has obtained funds on a stand-alone basis as a private company, the terms of which are subject to confidentiality provisions, and the Company has not provided funds or any financial support to TWE for the arbitration up to the Latest Practicable Date. To the best of the knowledge of the Directors having made enquiries, TWE has raised funds from investors to support the arbitration, and may continue to do so and/or explore other means of financing as the case progresses. As at the Latest Practicable Date, TWE did not indicate that it would require funding from the shareholders of Privateco as the case progresses. If and when it requires funding from the shareholders of Privateco, TWE will send notice and provide details of the funding opportunity to the shareholders of Privateco accordingly.

MANAGEMENT OF THE PRIVATECO GROUP

The sole director of the Privateco is Mr. Chan, an executive Director, Chairman and Chief Executive Officer of the Company, and the controlling Shareholder (as defined under the Listing Rules). As at the Latest Practicable Date, Mr. Chan, through Colpo and his personal interests, held approximately 42.13% of the issued share capital of the Company. Mr. Chan will hold approximately 42.13% of the Privateco upon completion of the Distribution in Specie on a pro rata basis.

Aces Diamond and Chavis are both wholly-owned subsidiaries of the Company, and Mr. Chan is the sole director of these two companies. Upon completion of the Distribution in Specie and the Group Restructuring, Aces Diamond and Chavis will become wholly-owned subsidiaries of the Privateco, and Mr. Chan will continue to be the sole director of these two companies.

The board of directors of TWE currently comprises four directors, namely Mr. Chan (also an executive Director), Dr. Arthur Ross Gorrell (also an executive Director), Mr. Donald O. Downing and Mr. Chan Wan Tsun Adrian Alan. Mr. Chan and Mr. Chan Wan Tsun Adrian Alan are representatives of the Company and, subsequent to completion of the Distribution in Specie, of the Privateco. Dr. Arthur Ross Gorrell represents another shareholder of TWE which holds over 10% of equity interest in TWE. As disclosed before, Mr. Donald O. Downing is one of the management founders of TWE and has been with TWE since its inception. The board of directors of TWE has agreed that prior to the Distribution in Specie, the Company may nominate another representative to the board of directors of TWE. The Company will identify suitable candidate and effect the appointment as soon as possible prior to the Distribution in Specie. Upon completion of the Distribution in Specie, TWE will be managed by these five directors and their main responsibility will be to manage matters in relation to the arbitration since TWE does not and does not intend to have any other operations. Based on the articles of TWE, all matters to be determined at board meetings are to be decided by a majority of votes. With three representative directors on the board of TWE, the Privateco will be able to monitor and ensure that TWE will take appropriate steps to deal with the arbitration. Under the articles of TWE, at every annual general meeting of TWE, all the directors will retire from office and eligible for re-election by the shareholders entitled to vote at the annual general meeting. It is the intention of Privateco to maintain three representatives on the board of directors of TWE until the arbitration is resolved. As such, Aces Diamond and Chavis, being wholly-owned subsidiaries of Privateco and holding approximately 77.91% of the issued common and preferred shares in the capital of TWE, will exercise their voting rights at the annual general meeting of TWE to ensure the representatives of Privateco are re-elected.

To reflect the time and opportunity costs spent on the arbitration, the Group has been charging TWE a monthly consultancy fee. Upon completion of the Distribution in Specie, Privateco will no longer charge such consultancy fee.

PRINCIPAL ACTIVITIES OF THE GROUP

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.

The Remaining Businesses comprise mainly the Group's marble business. As at the date hereof, the Company indirectly holds approximately 90% of PT. Bara Hugo Energy ("**BHE**") which in turn holds 37.5% of PT. Grasada Multinational ("**GM**"), which holds a mining permit covering the Maros Marble Project in southwestern Sulawesi, Indonesia. BHE also holds warrants in GM which upon exercise will bring its shareholding in GM to 60%. Assuming the full conversion of all outstanding warrants of GM, the Group would hold approximately 54.15% controlling interest of the enlarged capital and have control over the financial and operating decisions of GM, and accordingly the Group has been consolidating its interests in GM as a subsidiary.

As announced on 17 February 2014, the Company completed a competent person's report ("**CPR**") regarding the GM Quarry. According to the CPR, as of 30 November 2013, the total proved and probable gross (100%) mineable reserve of marble estimated was approximately 2,613,000 m^3. Details of the resources from the CPR have been set out in the annual report of the Company for the year ended 31 December 2013.

As at 30 June 2014, mining properties relating to the marble business amounted to approximately HK$145.9 million. The value of the assets was justified by the CPR, which was prepared by BMI Technical Consulting (Resources) Limited, in consultation with an Italian geologist, an independent mining consultant with more than 30 years of experience in dimension stones, construction materials and industrial minerals areas. Subsequent to the CPR, the Company further engaged BMI Appraisals Limited to conduct a valuation report on GM, which was issued on 26 March 2014. The valuation has been carried out on the basis of fair value — the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. This report valued the fair value of GM on acquisition date, based on a discounted cash flow method, to exceed the book value as at 30 June 2014. Based on the above, the Board is of the view that the Remaining Group's assets are still of sufficient value to warrant its continued listing on the Stock Exchange under Rule 13.24 of the Listing Rules.

As at the Latest Practicable Date, the Group had more than 10 employees from the Hong Kong office and the Jakarta office involved in the marble business, including operational, marketing and supporting staff.

As also disclosed in the Company's previous financial reports and announcements, the Group steadily increased the marketing of marble products globally via various channels. With processing and warehouse facilities in place, the Group began to generate orders for the domestic Indonesian market. The overseas markets have also started to open up after the Indonesian government lifted the export ban on marble products in April 2014. The current operating arrangements between the Group and other marble suppliers do not necessitate qualification of marble resources/reserves according to international reporting standards. If and when the Group requires the issuance of marble resources/reserves according to a reportable standard, such evaluations will be completed and shared with shareholders of the Company.

The Company has also a co-operation agreement with another Indonesian marble company whereby the Group has been appointed as the general distributor in Indonesia and exclusive distributor overseas for some marble products. The Group will also have an exclusive right to use cutting and processing facilities as well as a warehouse, which are all located in the Jakarta area. This quarry is currently producing high quality marble in South Sulawesi, Indonesia, producing 300 to 500 cubic metres per month, with capacity to reach 1,000 cubic metres per month in a relatively short period of time. The Group has already generated orders for products from this quarry in excess of 5,000 square metres for a project in Indonesia, representing contract value in excess of US$200,000. The co-operation represents an excellent opportunity for the Group to move into a more integrated business model to secure a sustainable supply of quality marble products.

In addition, the Group has a distribution agreement with a company from the Sultanate of Oman that opened the Mideast marble market to the Company by appointing that company as a distributor of the Group's Indonesian marble products in Oman and the surrounding region. At the same time, the Group will broaden and expand its Asian market by becoming sole distributor of the Oman marble products in Indonesia and general distributor elsewhere.

Based on the above, the Board is of the view that the Remaining Business has sufficient level of operations to warrant its continued listing on the Stock Exchange under Rule 13.24 of the Listing Rules.

As also announced on 21 February 2014, the Group entered into an arrangement with an Indonesian entity to develop the industrial minerals business in Southeast Asia, which includes a first right of refusal to invest up to 20% in the Indonesian entity. The demand for such minerals is well understood by the Group based on its hydrocarbon industry experience. The Group continues to assess its rights to invest into this growing venture as and when funding is available.

FINANCIAL INFORMATION AND EFFECTS OF THE DISTRIBUTION IN SPECIE

Based on figures extracted from the segment information of the 2014 interim report of the Company, as at 30 June 2014, the asset value and net asset value of the Privateco Group amounted to approximately HK$1,064.2 million and HK$826.8 million, respectively, representing approximately 86.3% and 84.3% of the Group's asset value and net asset value, respectively. The asset value of HK$1,064.2 million represents total assets set out in note 2 of unaudited pro forma consolidated statement of financial position of the Remaining Group in Appendix III to this Circular, less cash and cash equivalents held in Chavis amounted to HK$0.1 million. The asset value of HK$826.8 million represents net assets set out in note 2 of unaudited pro forma consolidated statement of financial position of the Remaining Group in Appendix III to this Circular, less intercompany balances held in Aces Diamond, Chavis and TWE which amounted to HK$147.0 million in total.

Based on figures extracted from the segment information of the 2014 interim report of the Company, as at 30 June 2014, the asset value and net asset value of Remaining Businesses amounted to approximately HK$169.1 million and HK$154.0 million, respectively, representing approximately 13.7% and 15.7% of the Group's asset value and net asset value, respectively. The asset value of HK$169.1 million represents the total assets of the Group as

set out in note 1 of the unaudited pro forma consolidated statement of financial position of the Remaining Group in Appendix III to this Circular, amounted to HK$1,233.3 million, less the asset value of the Privateco Group amounted to HK$1,064.2 million. The net asset value of HK$154.0 million represents the total net assets of the Group as set out in note 1 (referenced above), amounted to HK$980.8 million, less the total net assets of the Privateco Group amounted to HK$826,8 million.

The Distribution in Specie is intended to be declared out of amounts, standing to the credit of the Share Premium Account. As at 30 June 2014, the amount standing to the credit of the Share Premium Account was approximately HK$929.5 million.

After the completion of the Distribution in Specie, assuming there are no other changes to the Share Premium Account, the amount standing to the credit of the Share Premium Account is expected to be reduced to approximately HK$318.2 million, which reflected the decrease as a result of the pro forma adjustments (Note 2,6 (i), 10, and 11 of the unaudited pro forma consolidated statement of financial position of the Remaining Group) in Appendix III, the impact of which totalled HK$611.3 million.

Upon completion of the Distribution in Specie, the asset value of the Privateco Group will no longer be accounted for in the Company's consolidated financial statements as the Company will not own any shares in the Privateco Group.

Shareholders should note that the values of the Privateco Group have been accounted for using the "full costs" method of accounting, whereby all costs of acquisition, exploration for and development of oil and gas reserves have been capitalised and accumulated, and such costs include licence and land acquisitions, geological and geophysical activity and drilling of wells. The project has been terminated and is not in operation, and as mentioned above, the only outcome of the arbitration, if successful, would be a cash settlement from CNPC, and it is the current intention of TWE to distribute all settlement proceeds, after all relevant tax and expenses, to its shareholders.

GENERAL

Although the Distribution in Specie does not constitute a transaction under Chapter 14 of the Listing Rules, the Company will take additional measures in order to protect the interests of Independent Shareholders and this circular contains information comparable to those required for a very substantial disposal under Chapter 14 of the Listing Rules. The EGM will be held for the purpose of considering and, if thought fit, approving the relevant resolution in respect of the Distribution in Specie by Independent Shareholders, by way of poll at the EGM. Since Mr. Chan is expected to be the sole director of the Privateco and will hold approximately 42.13% of the Privateco, Mr. Chan, his associates and parties acting in concert with him (including Colpo) will voluntarily abstain from voting on the relevant resolution approving the Distribution in Specie. As at the Latest Practicable Date, Mr. Chan and his associates (including Colpo) control or are entitled to exercise control over the voting rights in respect of 2,207,485,423 Shares, representing approximately 42.13% of the issued share capital of the Company.

Shareholders should note that the Distribution in Specie is subject to the approval by the Shareholders as described in this circular. Shareholders and/or potential investors in the Company should be aware that implementation of the Distribution in Specie may or may not become effective. There is no assurance that the Distribution in Specie will be approved or will materialise as a result thereof. Meanwhile, the Shareholders and prospective investors are advised to exercise caution in dealing in the Shares.

EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held on Wednesday, 28 January 2015 at 10:00 a.m. at Unit 806, Level 8, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong is set out on pages 115 to 116 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time fixed for holding the EGM of the Company or any adjournment thereof. Completion and return of form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof, if you so wish.

RECOMMENDATION

In relation to the Distribution in Specie, the Directors (including the independent non-executive Directors forming the Independent Board Committee) are of the opinion that the Distribution in Specie is in the interests of the Company and the Independent Shareholders as a whole, and the Directors (including the independent non-executive Directors forming the Independent Board Committee) therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution as set out in the notice of EGM.

Your attention is also drawn to the letters from the Independent Board Committee and the Independent Financial Adviser and their respective recommendations set out on pages 22 to 44 of this circular.

ADDITIONAL INFORMATION

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

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

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Distribution in Specie.

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)

12 January 2015

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED DISTRIBUTION IN SPECIE

We refer to the circular of the Company dated 12 January 2015 ("**Circular**") of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the Distribution in Specie is in the interests of the Company and the Independent Shareholders as a whole, and to recommend the Independent Shareholders whether or not they should vote for or against the resolution to be proposed at the EGM to approve the Distribution in Specie. Opus Capital Limited has been appointed as the Independent Financial Adviser to advise you and us in this respect.

Your attention is drawn to the "Letter from the Board" set out in the Circular and the "Letter from the Independent Financial Adviser" as set out in the Circular which contains its advice and recommendation to us in respect of the Distribution in Specie, as well as the principal factors and reasons for its advice and recommendation.

Having taken into account the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice to you and us on pages 24 to 44 of the Circular, we are of the opinion that the Distribution in Specie is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Distribution in Specie.

Yours faithfully,
For and on behalf of the Independent Board Committee
Mr. David Tsoi
Mr. Lo Chi Kit
Mr. Tam Hang Chuen
Independent non-executive Directors

Set out below is the text of a letter received from Opus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Distribution in Specie for the purpose of inclusion in this Circular.

Opus Capital Limited
創富融資有限公司

18th Floor, Fung House
19–20 Connaught Road Central
Central, Hong Kong

12 January 2015

To: The Independent Board Committee and the Independent Shareholders of Enviro Energy International Holdings Limited

Dear Sirs,

PROPOSED DISTRIBUTION IN SPECIE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed Distribution in Specie, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular dated 12 January 2015 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 24 November 2014 and 5 December 2014, the Company announced of its intention in putting to the Shareholders for consideration a proposed Distribution in Specie to the Shareholders whose name appear on the register of members of the Company on the Record Date on the basis of one Privateco Share for every Share held. A meeting of the Board was held on 4 December 2014 and the Board approved (subject to the approval of Shareholders) the payment of a special dividend by way of the Distribution in Specie.

Although the Distribution in Specie does not constitute a transaction under Chapter 14 of the Listing Rules as stated in the Letter from the Board, the Company will take additional measures in order to protect the interests of the Independent Shareholders and the Circular contains information comparable to those required for a very substantial disposal under Chapter 14 of the Listing Rules. The EGM will be held for the purpose of considering and, if thought fit, approving the relevant resolution in respect of the Distribution in Specie by the Independent Shareholders, by way of poll at the EGM. As at the Latest Practicable Date, Mr. Chan and his associates (including Colpo) control or are entitled to exercise control over the voting rights in respect of 2,207,485,423 Shares, representing approximately 42.13% of the issued share capital of the Company. Since Mr. Chan is expected to be the sole director of the Privateco and will hold approximately 42.13% of the Privateco, Mr. Chan, his associates and parties acting in concert with him (including Colpo) will voluntarily abstain from voting on the relevant resolution approving the Distribution in Specie.

THE INDEPENDENT BOARD COMMITTEE

The Independence Board Committee comprising Mr. David Tsoi, Mr. Lo Chi Kit and Mr. Tam Hang Chuen, all being the independent non-executive Directors has been approved by the Board to advise and make recommendations to the Independent Shareholders as to whether the Distribution in Specie is in the interests of the Company and the Independent Shareholders as a whole, and to recommend the Independent Shareholders whether or not they should vote for or against the resolution to be proposed at the EGM to approve the Distribution in Specie. Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders has been approved by the Independent Board Committee in this respect.

Our role as the Independent Financial Adviser is to advise the Independent Board Committee and the Independent Shareholders as to: (i) whether the terms of the Distribution in Specie are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole; and (ii) how the Independent Shareholders should vote on the relevant resolution in relation to the Distribution in Specie at the EGM.

OUR INDEPENDENCE

As at the Latest Practicable Date, we do not have any relationship with, or interest in, the Company or any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser in relation to the Distribution in Specie, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things, the various announcements of the Company dated 17 June 2013, 6 September 2013, 23 October 2013, 28 April 2014, 7 July 2014, 24 November 2014 and 5 December 2014, the Company's annual reports: for the financial year ended 31 December 2013 (the "**2013 Annual Report**"); and for the financial year ended 31 December 2008 (the "**2008 Annual Report**"), the Company's interim reports: for the six months ended 30 June 2014 (the "**2014 Interim Report**"); and for the six months ended 30 June 2013 (the "**2013 Interim Report**"), and other information as set out in the Circular.

We have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Company (collectively, the "**Management**"). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the

Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information have been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not, carried out any independent verification of the information provided by the Management, nor have conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospect. The Directors have collectively and individually accepted full responsibility, including particulars given in compliance with the Listing Rules, for the accuracy of the information contained in the Circular and have confirmed, after having made all reasonable enquires, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other matters of facts the omission of which would make any statement herein or the Circular misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the Distribution in Specie, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

BACKGROUND TO THE DISTRIBUTION IN SPECIE

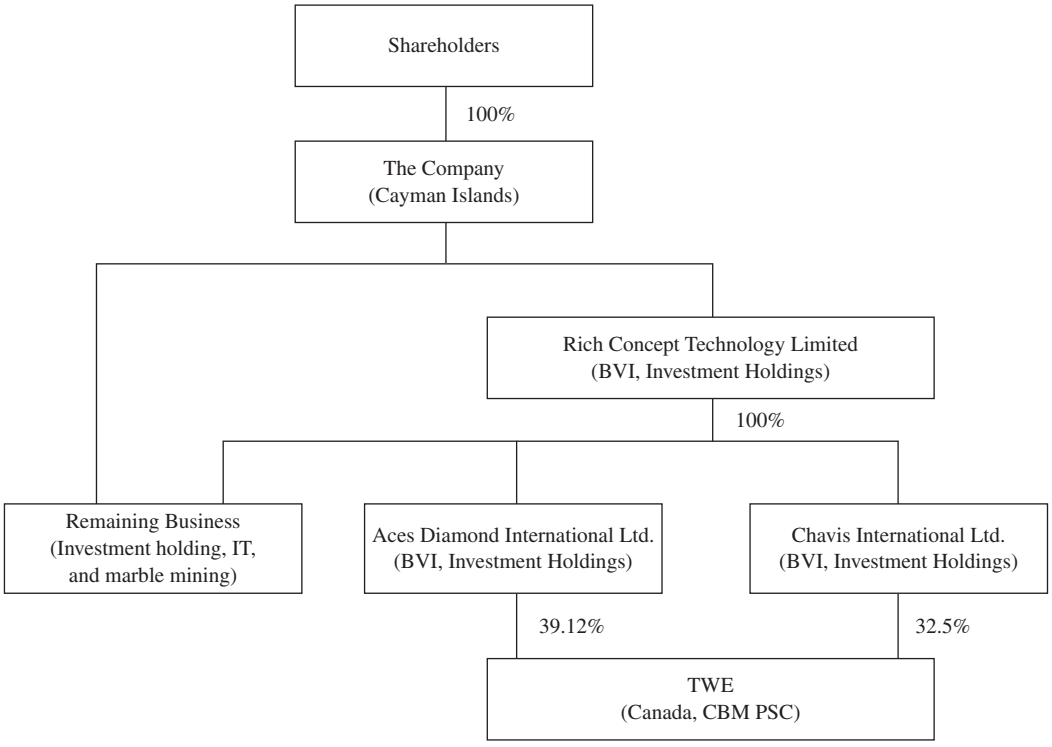
Background of the Company's controlling interest in TWE

As stated in the 2008 Annual Report, in October 2008, the Company acquired the entire issued share capital of Chavis, which owned at that time approximately 63.91% of TWE. TWE holds a 47% interest in and is the operator in the first and currently the only, foreign-operated coalbed methane production sharing contract ("**PSC**") in the PRC. As at the Latest Practicable Date, CNPC holds the remaining 53% of the PSC.

Over the period from October 2008 to April 2011, through various subscription of shares by Aces Diamond, a wholly-owned subsidiary of the Company, the Group's indirect controlling interests in TWE has increased from approximately 63.91% in 2008 to approximately 71.61% as at the Latest Practicable Date. As at the Latest Practicable Date, the Company's approximate 71.61% controlling interest in TWE was held as to approximately 39.12% via Aces Diamond and as to approximately 32.5% via Chavis, both of which are indirect wholly-owned subsidiaries of the Company, 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. As part of the Group Restructuring and to settle the outstanding payables due from TWE to the

Company, Aces Diamond will exercise certain warrants in the capital of TWE. Upon completion of the Group Restructuring, the Privateco Group, through Aces Diamond and Chavis, will hold approximately 77.91% 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.

Set out below is a summary of the current shareholding structure of the Group as at the Latest Practicable Date:



Prior to the Termination, the PSC had been administered by PetroChina Coalbed Methane Company Limited, an indirect subsidiary of CNPC. TWE pioneered CBM operations in the Xinjiang region of China and since the PSC came into force in 2006, the project has reported independently evaluated discovered CBM resources and natural gas resources in-place. To date, these are the only independently evaluated CBM resources (including substantial natural gas in other rocks) reported in the Junggar Basin. These reported results, estimated based on drilling results according to international resource-reporting standards, reflect the substantial resource value for both TWE and CNPC, in-place within the total PSC area.

The PSC was executed on 30 December 2005 and came into effect on 1 March 2006. Prior to the Termination, the PSC covered an area of 653.718 square kilometers (approximately 255 square miles) and provided the parties to the contract exclusive rights across the entire area of the PSC, to explore for, develop, produce and sell gas consisting methane and stored in the formations as stated in the PSC.

Prior to the Termination, the project was still in exploration and evaluation phases and did not generate any revenue. As of 30 June 2014, the value of the oil and gas properties attributed to the PSC amounted to approximately HK$1,063.9 million on the Group's financial statements.

Background on the Matter, the Dispute and the Arbitration

On 17 June 2013, the Company announced that TWE was seeking for written clarification from CNPC regarding the CBM fairway lands within the PSC (the "**Matter**"). Due to the Matter, the commencement of the CBM operations was delayed. Furthermore on 6 September 2013, due to a lack of clarification from CNPC on the Matter following a significant period of time, TWE had deemed the Matter an unresolved dispute (the "**Dispute**") and had issued notice to CNPC of referral to arbitration under the terms and conditions of the PSC (the "**Arbitration**").

Following issuance to CNPC of notice of referral of this unresolved Dispute to arbitration, on 23 October 2013, the Company announced that TWE had followed the required process by providing notice of selected arbitration procedure to CNPC according to the terms and conditions of the PSC. As stated in the announcement of the Company dated 23 October 2013, the key points at issue with respect to the Dispute, among others, are:

(a) Clarification on discrepancy of the CBM exploration area, including highly prospective CBM zones and fairway lands between the PSC and the renewed CBM exploration permits and investigation on reported unauthorized coal drilling activity within the PSC area and any land title mismanagement by CNPC;

(b) Dispute on CNPC's failure to certify two international independent expert reports on evaluations of CBM discovered resources and natural gas resources originally in place commissioned by TWE and provided to CNPC in support of application for extension of the exploration period of the PSC;

(c) Dispute on CNPC's failure to validate the capital expenditure incurred by TWE on the project as required by the PSC; and

(d) Dispute on CNPC's failure to cooperate to clarify the land status with relevant ministries.

Subsequently, as disclosed in the announcements of the Company dated 28 April 2014 and 7 July 2014, with respect to the Dispute, TWE had taken advice from its retained special international arbitration counsel and a notice was issued to CNPC on 3 July 2014 to terminate the PSC. In reaching the decision on the Termination, TWE has taken into account CNPC's breaches of the PSC, including the breakdown in the relationship between TWE and CNPC, the reduction in the CBM exploration area as previously reported and the scale of ongoing coal mining activities, and the fact that the project is no longer operationally viable.

On 4 July 2014, TWE's retained special international arbitration counsel formally served a notice of Arbitration on PetroChina Company Limited and CNPC. By this notice of Arbitration, TWE seeks an award of damages as compensation for the losses caused by

CNPC's breaches of the PSC, together with declaratory relief, costs and interest. The amount of damages has taken into account, among others: (i) the CBM discovered resources as previously reported by an independent third party in 2010 according to reporting standard National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities; and (ii) the original gas in place as previously reported by an independent third party in 2011 according to Petroleum Resources Management System of the Society of Petroleum Engineers, details of which have been set forth in 2013 Annual Report.

As at the Latest Practicable Date, TWE has completed the appointment of an international arbitrator to be one of the three arbitrators on the arbitration tribunal for the Arbitration. CNPC has, before the extended deadline, similarly appointed an arbitrator. The third arbitrator, as chairman, has also been appointed and the details of the Arbitration, including place and timetable, shall be finalized.

It should be noted that the Termination is a purported termination and is not effective until it has been ruled by the arbitration tribunal following the hearing.

Background of the Distribution in Specie and the Group Restructuring

In light of the Matter, the Dispute and the Arbitration, on 24 November 2014 and 5 December 2014, the Company announced of its intention in putting to the Shareholders for consideration a proposed Distribution in Specie to the Shareholders whose name appear on the register of members of the Company on the Record Date on the basis of one Privateco Share for every Share held. A meeting of the Board was held on 4 December 2014 and the Board approved (subject to approval of the Shareholders) the payment of a special dividend by way of the Distribution in Specie. The Distribution in Specie is intended to be declared out of amounts, standing to the credit of the Share Premium Account. As at 30 June 2014, the amount standing to the credit of the Share Premium Account was approximately HK$929.5 million. After the completion of the Distribution in Specie, assuming there are no other changes to the Share Premium Account, the amount standing to the credit of the Share Premium Account is expected to be reduced to approximately HK$318.2 million. The application of the Share Premium Account to effect the Distribution in Specie will be subject to the passing of an ordinary resolution by the Independent Shareholders by way of poll at the EGM, and to the Company being able to pay its debt as they fall due in the ordinary course of business, in each case in accordance with the articles of association of the Company and the Companies Law.

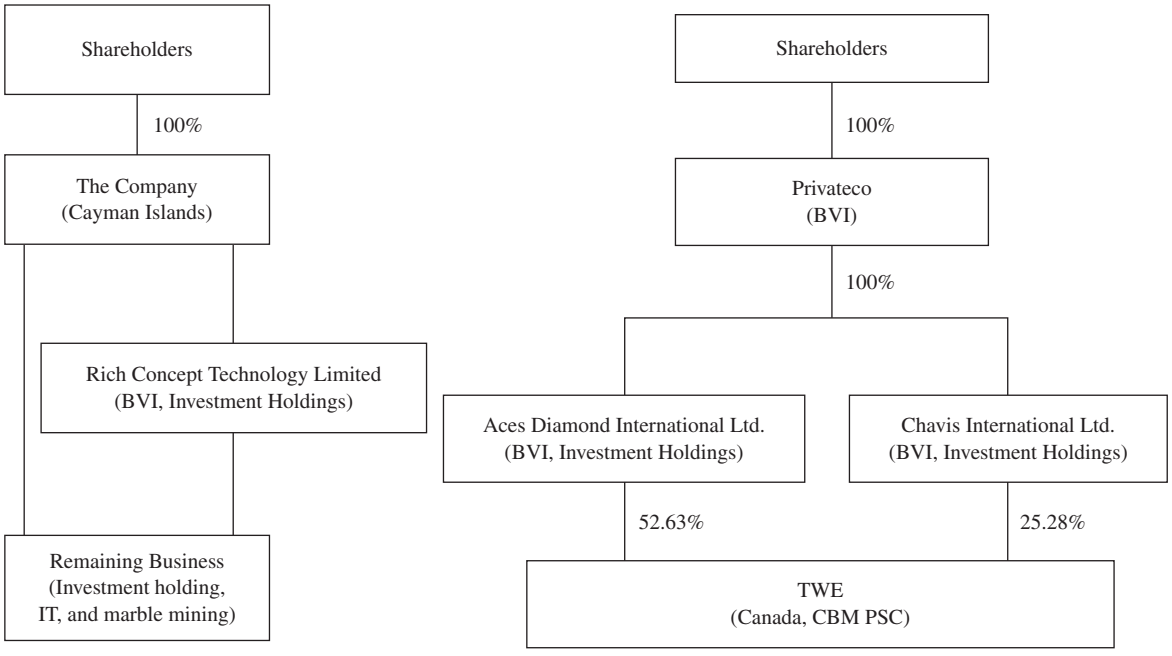
No application will be made for the listing of, and permission to deal in, the Privateco Shares on the Stock Exchange or any other stock exchange. Upon completion of the Distribution in Specie, the Privateco Group will cease to be the subsidiaries of the Company and Privateco will be held directly by the Shareholders. The Company will continue as a publicly listed company on the Stock Exchange and will continue to operate the Remaining Businesses.

The Group Restructuring will be implemented to prepare for the separation of the Privateco Group from the Remaining Businesses in order to facilitate the Distribution in Specie. The Group Restructuring will involve, among other things, the incorporation of

Privateco and the transfer of interests in each of Aces Diamond and Chavis to Privateco such that the Company will directly hold the entire interest in Privateco, to facilitate the Distribution in Specie.

The Group Restructuring shall be conducted on terms which are (i) in compliance with all applicable laws and regulations of all relevant jurisdictions including Hong Kong, BVI and the Cayman Islands; and (ii) where applicable, pursuant to the requirements of the Stock Exchange or such other governmental or regulatory bodies or authorities of competent jurisdiction. The Group Restructuring does not require prior approval of the Shareholders as all steps are conducted between the Company and its wholly-owned subsidiaries.

The Chart below summarizes the respective structure of the Privateco Group and the Remaining Group immediately after Completion of the Group Restructuring and the Distribution in Specie:



The Distribution in Specie will be conditional upon:

(i) completion of Group Restructuring; and

(ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Distribution in Specie and the application of the Share Premium Account to effect the Distribution in Specie.

None of the above conditions can be waived.

PRINCIPAL FACTORS AND REASONS CONSIDERED

We would like to draw the Independent Shareholders' attention to the reasons for the Distribution in Specie as set out in the sub-section headed "Reasons for the Distribution in Specie" in the Letter from the Board. In summary, the Board believes it is in the best interest of the Company and the Independent Shareholders as a whole to effect the Distribution in Specie for the following reasons:

(a) **Sensitivity and confidentiality of information on the Arbitration** — the Company will be subject to potential disclosure requirements under the Listing Rules for information on the Arbitration which may be highly sensitive and confidential which may negatively affect the negotiation and outcome of the Arbitration;

(b) **Possible impact on the fund raising ability and future development of the Group** — the uncertainty of the outcome of the Arbitration may impact the Group's fund raising ability which in turn affects the future development of the Group;

(c) **No dilutive effect on the Shareholders** — there is no dilutive effect on the Shareholders with respect to their shareholding in the Company and the Privateco Group as a result of the Group Restructuring and the Distribution in Specie; and

(d) **Lack of liquid market for Privateco Shares** — the Privateco Shares do not have a liquid market as compared to the Shares which are traded on the Main Board of the Stock Exchange and no cash exit could be offered to Shareholders to realise all or part of their shareholdings in the Privateco Group.

In our assessment of the Distribution in Specie, we have considered, amongst other things, these reasons, and have highlighted our views on each of these as set out below:

1. Sensitivity and confidentiality of information on the Arbitration

Under the Listing Rules and in particular, Rule 13.09(2), the "Inside Information Provisions" under Part XIVA of the SFO impose statutory obligations on listed issuers and their directors to disclose and announce inside information as soon as reasonably practicable after the information has come to the listed issuers' knowledge. Furthermore, the SFC published the "Guidelines on Disclosure of Inside Information" in June 2012 to assist corporations to comply with their obligations to disclose inside information under Part XIVA of the SFO (the "**Guidelines**"). In particular, under the Guidelines, it highlights that "legal disputes and proceedings" are common examples of events or circumstances where a disclosure obligation may arise for a corporation. As discussed with the Management and the Company's arbitration counsel, since TWE is a non-wholly owned subsidiary of the Company, we agree with their view that all developments of the Dispute and the Arbitration will give rise to potential disclosure requirements of the Company under the Listing Rules.

As stated in the Letter from the Board, as a non-wholly owned subsidiary of the Company, TWE has been sending updates to the Company regarding the development of the arbitration including the issuance of notices to CNPC to commence the Arbitration process, the matters in dispute, and the engagement of special international arbitration counsel and the termination of the PSC. As and when the Company received these updates, it published announcements on the websites of the Stock Exchange and the Company to ensure timely and even dissemination of information to the Shareholders. As the Arbitration continues, the Company expects to receive further updates from TWE which may include information regarding the content of the determination of Arbitration directions such as timetable, use of language and Arbitration seat, the date of submission of the pleadings by the claimant, the submission of defense by the respondent, the production of evidence documents, the examination of expert witnesses and the outcome of the Arbitration.

As stated in the Letter from the Board and as discussed with the Company's Arbitration counsel and the Management, it is generally assumed as a matter of commercial dealings that arbitration proceedings will be:

(a) private (third parties who are not a party to the arbitration agreement cannot attend any hearings or play any part in the arbitration proceedings); and

(b) confidential (which is a main reason commercial parties choose arbitration over court proceedings to resolve disputes. Arbitration arises through the contractual agreement to arbitrate that provides the necessary legal framework for arbitration in a private manner, as opposed to a dispute in a court which is open to the public and the press).

As the negotiation process for the Arbitration may span over a lengthy period of time and that the negotiation process and the information being discussed in this negotiation process is highly sensitive and confidential, any public disclosure of this information during the negotiation process may negatively affect the outcome and process of the Arbitration which may negatively affect the outcome of a possible settlement.

As discussed with the Management, arbitration is for matter to be resolved in a private and confidential manner which is different from court proceedings. During the Arbitration process, sensitive issues may be raised and may create unnecessary tension between the two parties as the public and the press may provide different interpretation on the information. The disclosure of information regarding the Arbitration in the public defeats one of the main reasons for parties to choose arbitration over court proceedings and therefore disclosure of any sort would affect negotiation opportunities.

In light of the above, we concur with the view of the Board that the Distribution in Specie is in the interest of the Company and the Independent Shareholders as a whole with respect to this reason.

2. Possible impact on the fund raising ability and future development of the Group

As stated in the Letter from the Board, the Arbitration is still at its early stage and the timing for the whole Arbitration process may take a long time. As discussed with the Management, the Company has approached several financial institutions and they have expressed concerns on the impact that the Arbitration may have on the Group as a whole. The Management is of the view that the existence of the Arbitration within the Group and the uncertainty as to its timing and outcome will have a negative impact on the Company's fund raising ability which in turn affects the future development of the Group. In our opinion, it is reasonable to expect that financial institutions are cautious and usually try to avoid funding companies which themselves are and/or their major assets and/or operations are under disputes and legal proceedings, the outcome and timing of which is uncertain as this increases the risk profile of those companies. In light of this, we concur with the view of the Board that the Arbitration will affect the fund raising ability of the Group which in turn affects the future development of the Group.

3. No dilutive effect on the Shareholders

As stated in the Letter from the Board, the only outcome from the Arbitration, if successful, would be a cash settlement from CNPC, and it is the current intention of TWE to distribute all settlement proceeds, after payment of all relevant tax and expenses, to its shareholders. The Group Restructuring and the Distribution in Specie have the objective of enabling the Shareholders to hold a direct investment in the Privateco Group thereby allowing them to benefit from the proceeds to be received by TWE, if the outcome of the Arbitration is successful, and at the same time the Company can focus on developing the Remaining Businesses.

Therefore, upon completion of the Group Restructuring and the Distribution in Specie, the Shareholders maintain their respective interest, on a pro rata basis, in both the Privateco Group and the Group and there will be no dilutive effect on such interests. In light of this, we are of the view that the Distribution in Specie is fair and reasonable to the Company and the Independent Shareholders as a whole with respect to this reason.

4. Liquidity of the Privateco Shares

In addition to the above, as set out in the Letter from the Board, the Privateco Shares do not have a liquid market as compared to the Shares which are traded on the Main Board of the Stock Exchange and no cash exit could be offered to the Shareholders to realise all or part of their shareholdings in the Privateco Group. Furthermore, taking into account of the current early stage of the Arbitration and the uncertainty over the time and outcome of the Arbitration, the shareholders' investment in the Privateco Group might be locked up before the completion of the Arbitration with no way to exit before the completion of the Arbitration. In light of the above, we are of the view that the illiquidity and the possible locked up of the Privateco Shares may not be in the interest of the Independent Shareholders.

However, due to the current early stage of the Arbitration and the uncertainty over the time and outcome of the Arbitration, we agree with the Board that it is difficult and inappropriate to impose a value on the Privateco Group and hence the value of a Privateco Share. Therefore the absence of an immediate cash exit and alternative as part of the Distribution in Specie is acceptable and reasonable.

In addition, the Privateco Group is not in operation and, as mentioned above, the only outcome of the Arbitration, if successful, would be a cash payment from CNPC, and it is the current intention of TWE to distribute all proceeds, after all relevant tax and expenses, to its shareholders. Therefore if the outcome of the Arbitration is successful, then the Shareholders will receive their proportional cash payment through the cash distribution, which the Shareholders then can use for any use at their discretion. However, should the Distribution in Specie not occur, the potential cash payout from a possible successful outcome from the Arbitration may remain within the Group and may or may not be distributed back to the Shareholders. Therefore in light of this, we concur with the Board that the Distribution in Specie, on balance, although without a market trading facilities for the Privateco Shares, is in the interest of the Independent Shareholders as a whole.

However, Shareholders should note that upon completion of the Distribution in Specie, the Privateco Group will cease to be subsidiaries of the Company and will be held directly by the Shareholders. No application will be made for the listing of, and permission to deal in, the Privateco Shares on the Stock Exchange or any other stock exchange. The Privateco Shares will not have a liquid market as compared to the Shares which are traded on the Main Board of the Stock Exchange. The Privateco Group will not be regulated by the Stock Exchange and will comply with the Listing Rules only to the extent relevant provisions are incorporated in the new articles of association to be adopted by the Privateco on completion of the Group Restructuring. Shareholders should note that the outcome of the Arbitration is uncertain and in the event that the Arbitration is not successful, no proceeds will be distributed to the shareholders of Privateco.

Furthermore, the Shareholders should note that upon completion of the Distribution in Specie, the Privateco Shares will not have a liquid market as compared to the Shares which are traded on the Main Board of the Stock Exchange. Therefore, the Shareholders will not be able to: (i) enjoy any potential positive effect; or (ii) adversely affected by any potential negative effect, on the Shares that may arise during and/or due to the Arbitration process whether the outcome of the Arbitration is favourable or otherwise.

In light of the above, in particular:

(a) the potential disclosure requirements under the Listing Rules of the sensitive and confidential information on the progress of the Arbitration may negatively affect the negotiation and outcome of the Arbitration;

(b) the possible negative impact on the fund raising ability and future development of the Group and also the negative impact on investor confidence due to the uncertainty on the timing and outcome of the Arbitration;

(c) there is no dilutive effect on the Shareholders with respect to their shareholding in the Group and the Privateco Group as a result of the Group Restructuring and the Distribution in Specie;

(d) while there is a lack of a liquid market for the Privateco Shares, the outcome of the Arbitration, if successful, is a cash payment and distribution back to the Shareholders proportional to their respective shareholdings in the Privateco Group; and

(e) the illiquidity of the Privateco Shares may not be in the interest of the Company and the Shareholders,

we are of the opinion that the Distribution in Specie, on the balance of the above, in addressing the above reasons and concerns is fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

PROTECTION OF THE RIGHTS AND INTERESTS OF THE INDEPENDENT SHAREHOLDERS

While the Distribution in Specie is fair and reasonable for the practical, commercial and legal reasons highlighted in the section above, in assessing whether the Distribution in Specie is fair and acceptable to the Company and the Independent Shareholders as a whole, consideration also needs to be given to the level of protection of the rights and interests of the Independent Shareholders under the Distribution in Specie and whether their rights and interests as the Privateco shareholders have diminished due to the Distribution in Specie. In formulating our view on this aspect, we have considered, among other, the following:

1. Intention of the Privateco Group

Privateco was incorporated in BVI with limited liability on 24 December 2014 and has not carried on any business since its incorporation. Upon completion of the Group Restructuring, Privateco's principal activity will be investment holding. As stated in the Letter from the Board, Privateco may not engage in any business other than those carried out by Privateco as at the date of adoption of the New Articles unless approved by the shareholders of Privateco by way of ordinary resolution in general meeting. As at the date of adoption of the New Articles, the only business that will be carried out by Privateco will be the holding of its equity interest in TWE through its shareholding interests in Aces Diamond and Chavis.

It is the intention that the Privateco Group will not conduct any business other than to be involved in the Arbitration. In addition, the Privateco Group will not hold any assets other than its equity interest in TWE, nor will it inject any major assets, nor dispose of any majors assets unless prior approval by the holders of Privateco Shares has been obtained.

As stated in the Letter from the Board, since the beginning of the Arbitration, TWE has obtained funds on a stand-alone basis as a private company, the terms of which are subject to confidentiality provisions, and the Company has not provided funds or any

financial support to TWE for the Arbitration up to the Latest Practicable Date. To the best of the knowledge of the Directors having made enquiries, TWE has raised funds from investors to support the Arbitration, and may continue to do so and/or explore other means of financing as the case progresses. As at the Latest Practicable Date, TWE did not indicate that it would require funding from the shareholders of Privateco as the case progresses. If and when it requires funding from the shareholders of Privateco, TWE will send notice and provide details of the funding opportunity to the shareholders of Privateco accordingly.

As disclosed in the Announcements and the Letter from the Board, the only outcome from the Arbitration, if successful, would be a cash settlement from CNPC, and it is the current intention of TWE to distribute all settlement proceeds, after payment of all relevant tax and expenses, to its shareholders. Upon receipt of such dividends (if any) from TWE, it is the current intention of Aces Diamond and Chavis, being the shareholders of TWE and wholly-owned subsidiaries of the Privateco upon completion of the Group Restructuring, to distribute such dividends, after payment of all relevant tax and expenses to the Privateco. Similarly, it is the current intention of the Privateco to distribute such dividends, after payment of all relevant tax and expenses, to its shareholders. Under the articles of TWE, subject to the Business Corporations Act of Canada and the rights of the holders of issued shares of TWE, the directors of TWE may from time to time declare and authorize payment of such dividends as they may deem advisable.

In addition, as stated in the Letter from the Board, pursuant to the proposed new articles of association of Privateco to be adopted on completion of Group Restructuring, subject to the Act, the directors of Privateco shall make a declaration and pay to all shareholders on a pro rata basis a dividend upon the receipt by the Company of any dividend or distribution from company(ies) in which it has an equity interest provided they are satisfied on reasonable grounds that immediately after payment the value of Privateco's assets exceeds its liabilities and Privateco is able to pay its debts as they fall due. In the event that the arbitration is not successful, TWE will be dissolved, and correspondingly the Privateco, Aces Diamond and Chavis will be dissolved as well, all in accordance with their constitutional documents and applicable law.

As at the Latest Practicable Date, the PSC has been purportedly terminated, TWE was no longer the operator of the PSC and the only activity TWE is currently engaged in is participation in the Arbitration. Shareholders should note that the Termination is a purported termination and is not effective until it has been ruled by the arbitration tribunal following the hearing and pursuant to the PSC the right to arbitrate disputes survives the purported termination of the PSC. As stated in the Letter from the Board, audited financial statements of the Privateco will be prepared for each financial year and a copy of which together with the directors' report will be sent to the shareholders of Privateco within the time prescribed under the Listing Rules. However, subject to compliance with all applicable laws, the Privateco may instead send to its shareholders a summary financial statement derived from the Privateco's annual accounts and the directors' report provided that any shareholder may by notice in writing served on the Privateco, demand that the Privateco sends to him, in addition to a summary financial statement, a complete printed copy of the Privateco's annual financial statements and the directors' report thereon.

In light of the above, we are of the view that the financial and economic benefits to the Independent Shareholders from a potential successful outcome of the Arbitration is not diminished by becoming the Privateco shareholders due to the Distribution in Specie and therefore is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

2. Director and management continuity

As stated in the Letter from the Board, the sole director of the Privateco is Mr. Chan who is also an executive Director, Chairman and Chief Executive Officer of the Company, and the controlling Shareholder (as defined under the Listing Rules). As at the Latest Practicable Date, Mr. Chan, through Colpo and his personal interests held approximately 42.13% of the issued share capital of the Company. Mr. Chan will hold approximately 42.13% of the Privateco upon completion of the Distribution in Specie on a pro rata basis. Furthermore subsequent to the Distribution in Specie, Mr. Chan will continue to be the sole director of Aces Diamond and Chavis, the holding companies of the Privateco Group for its shareholding interest in TWE.

Currently, the board of directors of TWE comprises four directors, namely, Mr. Chan (also an executive Director), Dr. Arthur Ross Gorrell (also an executive Director), Mr. Donald O. Downing and Mr. Chan Wan Tsun Adrian Alan. Amongst these directors, Mr. Chan and Mr. Chan Wan Tsun Adrian Alan are representatives of the Company and, subsequent to the Completion of the Distribution in Specie, of the Privateco. Dr. Arthur Ross Gorrell represents another shareholder of TWE which holds over 10% of equity interest in TWE. Mr. Donald O. Downing is one of the management founders of TWE and has been with TWE since its inception. The board of directors of TWE has agreed that prior to the Distribution in Specie, the Company may nominate another representative to the board of directors of TWE. The Company will identify suitable candidates and effect the appointment as soon as possible prior to the Distribution in Specie. As TWE does not intend to have any other operations, the main responsibility of these directors with respect to TWE will be to manage matters in relation to the Arbitration upon completion of the Distribution in Specie. Based on the articles of TWE, all matters to be determined at board meetings are to be decided by a majority of votes. Under the articles of TWE, at every annual general meeting of TWE, all the directors will retire from office and eligible for re-election by the shareholders entitled to vote at the annual general meeting. It is the intention of Privateco to maintain three representatives on the board of directors of TWE until the Arbitration is resolved. As such, Aces Diamond and Chavis, being wholly-owned subsidiaries of Privateco and holding approximately 77.91% of the issued common and preferred shares in the capital of TWE, will exercise their voting rights at the annual general meeting of Privateco to ensure the representatives of Privateco are re-elected. With three representative directors on the board of TWE, the Privateco will be able to monitor and ensure that TWE will take appropriate steps to deal with the Arbitration.

In light of the above, we are of the view that the Independent Shareholders becoming the Privateco shareholders due to the Distribution in Specie will continue to enjoy director and management continuity for the Privateco Group with respect to the management of TWE and matters in relation to the Arbitration, which is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

3. Disclosure and approval requirements to safeguard interests of the Privateco shareholders

As stated in the Letter from the Board, interests of the Privateco shareholders will be safeguarded by the proposed new articles of association of Privateco to be adopted on completion of the Group Restructuring, which will be comparable to the existing articles of association of the Company and contain provisions comparable to the rules governing connected transactions and notifiable transactions contained in the Listing Rules, so that certain transactions will be subject to independent shareholders' approval and independent advice. In particular:

(a) any connected transaction falling within the definition of the Listing Rules which requires the approval of independent shareholders must be approved by the disinterested Privateco shareholders by way of ordinary resolution in general meeting, the notice convening which is accompanied by a circular containing the advice of an independent financial adviser;

(b) any notifiable transaction falling within the definition of the Listing Rules which requires the approval of shareholders must be approved by the Privateco shareholders by way of ordinary resolution in general meeting; and

(c) no shares of Privateco will be issued for cash unless they are first offered to all shareholders in proportion to their respective shareholdings in Privateco.

A summary of the proposed new articles of association of Privateco is set out in Appendix IV to the Circular and also stated in the Letter from the Board, under the sub-section headed "Intention of the Privateco Group".

Interests of the Privateco shareholders will also be safeguarded by the Takeovers Code (until the Privateco is no longer regarded as a public company for the purposes of the Takeovers Code).

In light of the fact that the interests of the Independent Shareholders becoming the Privateco shareholders due to the Distribution in Specie, will be safeguarded by the Takeovers Code and the amended articles of association of the Privateco such that they can enjoy similar rights and protection as shareholders of the Company, we are of the view that this is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

In light of the above, namely:

(i) the financial and economic benefits to the Independent Shareholders as the Privateco shareholders from a potential successful outcome of the Arbitration is not diminished due to the Distribution in Specie;

(ii) Independent Shareholders as the Privateco shareholders will continue to enjoy director and management continuity for the Privateco Group with respect to the management of TWE and matters in relation to the Arbitration; and

(iii) the interests of the Independent Shareholders as the Privateco shareholders due to the Distribution in Specie, will be safeguarded by the Takeovers Code and the amended articles of association of the Privateco such that they can enjoy the similar rights and protection as shareholders of the Company,

we are of the opinion that the rights and interests of the Independent Shareholders being the Privateco shareholders are protected and that their rights and interests have not diminished due to the Distribution in Specie. As such we are of the view that the Distribution in Specie is fair and reasonable so far as the Company and the Independent Shareholders as a whole are concerned.

REMAINING BUSINESSES

Based on figures extracted from the segment information from the 2014 Interim Report, as at 30 June 2014, the asset value and net asset value of the Privateco Group amounted to approximately HK$1,064.2 million and HK$826.8 million, respectively, representing approximately 86.3% and 84.3% of the Group's asset value and net asset value, respectively. As at 30 June 2014, the asset value and net asset value of the Remaining Businesses amounted to approximately HK$169.1 million and HK$154.0 million, respectively, representing approximately 13.7% and 15.7% of the Group's asset value and net asset value, respectively.

Upon completion of the Distribution in Specie, the asset value of the Privateco Group will no longer be accounted for in the Company's consolidated financial statements as the Company will not own any shares in the Privateco Group.

The Remaining Businesses comprise mainly the Group's marble business. As at the Latest Practicable Date, the Company indirectly holds approximately 90% of PT. Bara Hugo Energy which in turn holds 37.5% of PT. Grasada Multinational, which holds a mining permit covering the Maros Marble Project in southwestern Sulawesi, Indonesia. Details of the Remaining Businesses have been set out in the sub-section headed "Principal Activities of the Group" as set out in the Letter from the Board. In summary, we would like to highlight the following points with respect to the Remaining Businesses:

(a) as of 30 November 2013, the total proved and probable gross (100%) mineable reserve of marble estimated was approximately 2,613,000 cubic metres. According to 2013 Annual Report, the entire local area of the marble quarry is known for high quality marble quarries and the quarry is supported by substantial, estimated although uncategorized marble resources at the concession;

(b) as at the Latest Practicable Date, the Group had more than 10 employees from the Hong Kong office and the Jakarta office involved in the marble business, including operational, marketing and support staff;

(c) the Company has also a co-operation agreement with another Indonesian marble company whereby the Group has been appointed as the general distributor in Indonesia and exclusive distributor overseas for some marble products. The Group will also have an exclusive right to use cutting and processing facilities as well as a warehouse, which are all located in the Jakarta area. This quarry is currently producing high quality marble in South Sulawesi, Indonesia, producing 300 to 500 cubic metres per month, with capacity to reach 1,000 cubic metres per month in a relatively short period of time. The Group has already generated orders for products from this quarry in excess of 5,000 square metres for a project in Indonesia, representing contract value in excess of US$200,000. The co-operation represents an excellent opportunity for the Group to move into a more integrated business model to secure a sustainable supply of quality marble products. According to 2013 Annual Report, the Management are of the view that the co-operation represents an excellent opportunity for the Group to move into a more integrated business model to secure a sustainable supply of quality marble products;

(d) in addition, the Group has a distribution agreement with a company from the Sultanate of Oman that opened the Mideast marble market to the Company by appointing that company as a distributor of the Group's Indonesian marble products in Oman and the surrounding region. At the same time, the Group will broaden and expand its Asian market by becoming sole distributor of the Oman marble products in Indonesia and general distributor elsewhere.

In light of the above and as stated in the Letter from the Board, the Board is of the view that: (a) the Remaining Group's assets are still of sufficient value to warrant its continued listing on the Stock Exchange under Rule 13.24 of the Listing Rules; and (b) the Remaining Businesses have sufficient level of operations to warrant its continued listing on the Stock Exchange under Rule 13.24 of the Listing Rule.

Furthermore, as stated in the Letter from the Board, prior to the Termination, the project under the PSC was still in exploration and evaluation phases and did not generate any revenue. As a result of the Arbitration, whether the outcome is successful or otherwise, TWE does not intend to have any other operation. As such the Distribution in Specie will not have any operational impact on the continuing operations of the Remaining Group, which in essence is the Remaining Businesses. While there may be a cash payout from a successful outcome of the Arbitration, this may or may not happen and the timing of the outcome is also uncertain. In light of the above, we are of the view that the continued listing of the Company on the Stock Exchange will not be effected due to the Distribution in Specie.

FINANCIAL EFFECTS ON THE REMAINING GROUP

Net assets

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to the Circular, the unaudited pro forma net assets of the Remaining Group would decrease by approximately 84.38% from approximately HK$980.78 million as at 30 June 2014 to approximately HK$153.15 million, assuming the Distribution in Specie had taken place on 30 June 2014.

Liquidity

Based on the unaudited pro forma financial information of the Remaining Group as set out in the Appendix III to the Circular, the current ratio in terms of current assets over current liabilities, would increase from approximately 0.70 times as at 30 June 2014 to approximately 1.09 times, assuming the Distribution in Specie has taken place on 30 June 2014.

Earnings

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to the Circular, the unaudited pro forma profit after tax of the Remaining Group would increase from approximately HK$17.25 million to approximately HK$23.21 million for the year ended 31 December 2013, assuming the Distribution in Specie had taken place on 1 January 2013.

Gearing ratio

Based on the unaudited pro forma financial information of the Group as set out in Appendix III to the Circular, as at 30 June 2014, the Group had no external borrowings and this would remain the same if the Distribution in Specie had taken place on 30 June 2014.

Working Capital

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to the Circular, the audited pro forma cash and cash equivalents of the Remaining Group as at 30 June 2014 would decrease by 3.69% from approximately HK$10.02 million to approximately HK$9.65 million assuming the Distribution in Specie had taken place on 30 June 2014. We also noted that the Company completed an open offer in November 2014 raising net proceeds of approximately HK$33.4 million. As set out in Appendix I to the Circular, the Directors are of the opinion that, after taking into account the financial resources available to the Group, including the existing cash and bank balances and other internal resources available to the Group, and assuming completion of the Distribution in Specie, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of the Circular.

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to the Circular, despite the fact that the unaudited pro forma net asset value of the Remaining Group would decrease and that the working capital would also decrease

slightly assuming that the Distribution in Specie had taken place on 30 June 2014, the liquidity (current ratio) would improve. There will be no change in the gearing ratio as the Group had no external borrowings. Furthermore, the earnings will increase assuming that the Distribution in Specie had taken place on 1 January 2013. In light of the reasons and factors considered for the Distribution in Specie as set out above, we consider that, on balance, the financial effects of the Distribution in Specie on the Remaining Group is acceptable.

RECOMMENDATION

In light of the above and having considered in particular that:

(a) the Company will be subject to potential disclosure requirements under the Listing Rules for information on the Arbitration which may be highly sensitive and confidential which may negatively affect the negotiation and outcome of the Arbitration;

(b) the uncertainty of the Arbitration and its outcome and timing may impact the Group's fund raising ability which in turn affects the future development of the Group and also impact investor confidence in the Group;

(c) there is no dilutive effect on the Shareholders with respect to their shareholding in the Company and the Privateco Group as a result of the Group Restructuring and the Distribution in Specie;

(d) there is a lack of a liquid market for the Privateco Shares, the outcome of the Arbitration, if successful, is a cash payment and distribution back to the Shareholders proportional to their respective shareholdings in the Privateco Group;

(e) the financial and economic benefits to the Independent Shareholders as the Privateco shareholders from a potential successful outcome of the Arbitration is not diminished due to the Distribution in Specie;

(f) Independent Shareholders becoming the Privateco shareholders will continue to enjoy director and management continuity for the Privateco Group with respect to the management of TWE and matters in relation to the Arbitration;

(g) the interests of the Independent Shareholders becoming the Privateco shareholders due to the Distribution in Specie, will be safeguarded by the Takeovers Code and the amended articles of association of the Privateco such that they can enjoy similar rights and protection as shareholders of the Company; and

(h) on balance, the financial effects due to the Distribution in Specie is acceptable,

we are of the opinion that: (i) Distribution in Specie is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend: (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution to be proposed at the EGM to approve the Distribution in Specie.

In any event, any Shareholder who does not wish to participate in the Distribution in Specie may sell his/her Shares on or before the last day of dealings in the Shares cum-entitlements to the Distribution in Specie, which is expected to be Thursday, 29 January 2015.

Arrangements for Shareholders

The distribution of Privateco Shares will be arranged by Tricor Investor Services Limited. Shareholders holding Shares through CCASS will need to inform CCASS about their denomination before the Distribution in Specie. CCASS will then inform Tricor Investor Services Limited on the number of share certificates and their denominations to be printed and distributed. The notification to Tricor Investor Services Limited on the number of share certificates and their denominations by Shareholders holding Shares through CCASS should be conducted through their brokers, and this is expected to take place between the Record Date, Thursday, 5 February 2015, and the day of dispatch of certificate of Privateco Shares, Wednesday, 18 February 2015. CCASS will be setting a deadline for brokers by which brokers have to submit the required information. As it is the responsibility of brokers to notify CCASS, CCASS would not directly communicate with individual Shareholders.

For any future transfer of Privateco Shares, Tricor Investor Services Limited will act as the transfer agent. Shareholders of Privateco Shares will need to inform Tricor Investor Services Limited on the transfer and for each transfer, Tricor Investor Services Limited will charge HK$2.50.

Overseas Shareholders

As the Distribution in Specie to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdiction outside Hong Kong, Overseas Shareholders who are citizens or residents or nationals of a jurisdiction outside Hong Kong should keep themselves informed about and observe any applicable legal or regulatory requirements and where necessary seek legal advice. It is the responsibilities of the Overseas Shareholders to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions). As at the Latest Practicable Date, the Company did not have any Overseas Shareholders. As stated in the Letter from the Board, in the event that the Company has any Overseas Shareholders as at the close of business on the Record Date, the Board will make enquiries regarding the legal restrictions under the applicable securities legislation of the relevant jurisdictions and the requirements of the relevant regulatory body or stock exchange with respect to the offer of the Distribution in Specie to such Overseas Shareholders. If there are no legal restrictions, the Distribution in Specie will be extended to the applicable Overseas Shareholders. If the advice from legal advisers is that either (i) the Circular will be required to be registered or filed with or subject to approval by the relevant regulatory authorities (as the case may be) in these jurisdictions; or (ii) the Company would need to take additional steps to comply with the regulatory requirements of the relevant regulatory authorities in these jurisdictions, and as a result the

Company would need to incur additional time and costs for legal compliance (as the case may be), the Directors are of the view that it would be expedient not to extend the Distribution in Specie to such Overseas Shareholders.

Principal Potential Risks

Independent Shareholders shall note the following principal potential risks in relation to the Distribution in Specie:

(a) Distribution in Specie may or may not happen

Shareholders should note that the Distribution in Specie is subject to the approval by the Shareholders as described in the Circular. Shareholders and/or potential investors in the Company should be aware that implementation of the Distribution in Specie may or may not become effective. There is no assurance that the Distribution in Specie will be approved or will materialise as a result thereof. Meanwhile, the Shareholders and prospective investors are advised to exercise caution in dealing in the Shares.

(b) Illiquidity of Privateco Shares

Shareholders should note that upon completion of the Distribution in Specie, the Privateco Group will cease to be subsidiaries of the Company and will be held directly by the Shareholders. No application will be made for the listing of, and permission to deal in, the Privateco Shares on the Stock Exchange or any other stock exchange. The Privateco Shares will not have a liquid market as compared to the Shares which are traded on the Main Board of the Stock Exchange. The Privateco Group will not be regulated by the Stock Exchange and will comply with the Listing Rules only to the extent relevant provisions are incorporated in the new articles of association to be adopted by the Privateco on completion of the Group Restructuring. Shareholders should note that the outcome of the Arbitration is uncertain and in the event that the Arbitration is not successful, no proceeds will be distributed to the shareholders of Privateco.

Yours faithfully,
For and on behalf of
Opus Capital Limited
Alvin Lai
Chief Executive Officer

Mr. Alvin Lai is the Chief Executive Officer of the Opus Capital Limited and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Alvin Lai has over 15 years of financial industry, investments, corporate finance and legal experience in Asia and Australia. Mr. Lai is a qualified legal practitioner in New South Wales, Australia. Mr. Alvin Lai has acted as financial adviser and/or independent financial adviser to many companies and transactions involving fundraising and/or mergers and acquisition in Asia.

1. FINANCIAL INFORMATION OF THE GROUP

The consolidated financial statements of the Group can be found from pages 34 to 83 of the annual report of the Company for the year ended 31 December 2011, pages 42 to 105 of the annual report of the Company for the year ended 31 December 2012 and pages 43 to 105 of the annual report of the Company for the year ended 31 December 2013, respectively. The financial statements for the three financial years ended 31 December 2013 were audited by PricewaterhouseCoopers. The said annual reports of the Company are available on the website of the Stock Exchange (http://www.hkex.com.hk) and the website of the Company (http://www.enviro-energy.com.hk).

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 November 2014, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, apart from intragroup liabilities and normal trade and other payables, the Group did not have any outstanding loan capital, bank overdrafts, loans, mortgages, charges or other similar indebtedness, hire purchase or finance lease commitments, liabilities under acceptances or acceptance credits, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Group, including the existing cash and bank balances and other internal resources available to the Group, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this circular.

4. MATERIAL CHANGE

The Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. LIQUIDITY AND FINANCIAL RESOURCES

The Group mainly financed its operations with funds raised from previous share placements and open offer, and proceeds from the disposal of Allied Resources Limited in March 2013. As at 30 September 2014, the Group had bank balances and cash of approximately HK$3.1 million (as at 31 December 2013: HK$37.5 million). On 18 November 2014, the Company completed the open offer of 1,746,773,000 offer shares at HK$0.02 per offer share, raising net proceeds of approximately HK$33.4 million. The Group's current ratio stood at approximately 0.4 as at 30 September 2014 (as at 31 December 2013: 1.5).

During the nine months ended 30 September 2014, the Group reported net operating cash outflow of HK$34.9 million. As the Group has no banking facilities or other committed financing arrangement available and taking into account the bank balances and cash as at 30 September 2014 and the net proceeds from the open offer in November 2014, there is uncertainty on the Group's ability to continue as a going concern. In order to improve the Group's operating performance and alleviate its liquidity risk, management is implementing measures to reduce the operating cash outflows and to raise additional financing for the Group. Apart from exercising its effort in cost control, the Group is also exploring other external financing options to obtain further financing to meet its financial obligations.

The Group adopts conservative treasury policies in managing its cash and financial matters, with the treasury activities mainly carried out in Hong Kong. Currently, bank balances and cash are placed in interest-bearing bank accounts denominated in HK$, Renminbi and US$.

The Group's financial risk management objectives and policies are reviewed regularly by the Board.

As at 30 September 2014, the Group had net assets of approximately HK$936.1 million (as at 31 December 2013: HK$996.3 million).

As at 30 September 2014, the Group continued to maintain a debt-free capital structure.

As at 30 September 2014, the Group had no payables incurred which were not in the ordinary course of business and accordingly its gearing ratio was nil (as at 31 December 2013: Nil).

6. CHARGE ON GROUP ASSETS

As at 30 September 2014, the Group did not have any charge on its assets (as at 31 December 2013: Nil).

7. FOREIGN EXCHANGE EXPOSURE

The Group mainly earned revenue and incurred costs in HK$, Renminbi, C$, IDR and US$. The Directors and senior management will continue to monitor closely the foreign exchange risk by entering into forward contracts and utilising applicable derivatives to hedge out the exchange risk when necessary.

8. CAPITAL COMMITMENTS

As at 30 September 2014, the Group had no capital commitments (as at 31 December 2013: HK$3.7 million).

9. CONTINGENT LIABILITIES

As at 30 September 2014, the Group had no contingent liabilities (as at 31 December 2013: Nil).

10. SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group has not made any significant investments or future plans for material investments. The Group will continue to explore new opportunities in resource-related projects and to look for potential investments in Southeast Asia, the PRC and overseas.

11. MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There were no material acquisitions and/or disposals which would have been required to be disclosed under the Listing Rules.

12. EMPLOYEES' INFORMATION

As at 30 September 2014, the Group had 24 full-time employees (as at 31 December 2013: 56) working in Hong Kong, China, Indonesia and Canada. EE remunerates its employees based on their performance, experience and the prevailing industry practice.

In addition to regular remuneration, share options may be granted to selected staff with reference to EE's performance as well as the individual's performance. Other benefits, such as medical and retirement benefits and training programs, are also provided.

13. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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 disclosed in the "Letter from the Board" in this circular, due to the limited capital available, the Group has been steadily increasing the marketing of marble products globally via various channels. With processing and warehouse facilities in place, the Group continues to generate orders for the domestic Indonesian market. The overseas markets have also started to open up after the Indonesian government lifted the export ban on marble products in April 2014, and the Group has been actively discussing on long term contracts with buyers from China and the Middle East.

The Group's plan is to develop the marketing and trading of marble first, to ensure that the end market is available when the GM Quarry is opened up. Apart from the domestic Indonesian market, the Group has been in negotiation with various marble suppliers in China for possible long term supply of the Indonesian marble products. The Group is also targeting to export the marble products to the Middle East, Southeast Asia and North America.

If and when ready, the GM Quarry is capable of exploiting 30,000 m^3 of marble blocks per year. Open pit mining has been suggested by a feasibility study conducted in February 2014. The first stage of quarrying may take three months or more, and includes mobilization of equipment and establishment of infrastructure such as mine road, warehouse, security post, mine office and stock yard to support quarrying. It is the plan of the Directors to raise the funding required to develop the GM Quarry via bank project financing. In this regard, the

management has already shared technical reports and feasibility study, and initiated discussions with financial institutions, and expect to raise funding in phases as the project develops and as the marketing matures.

Apart from the Group's key management and directors who have substantial experience in the minerals industry, the Group has hired Mr. Irwansyah in September 2012, who is now the general manager in charge of the Group's operations in Indonesia. Mr. Irwansyah is a mining professional with over 10 years of experience in the mining industry, including both greenfield and brownfield projects. He holds a Master of Business Administration degree from Prasetiya Mulya Business School, Jakarta and a Bachelor's degree in Geology from UPN "Veteran" University in Jogjakarta. Additionally, he holds a Middle grade competent Supervisor released by Directorate General Coal and Mineral, a Ministry of Energy and Mineral Resources.

As announced on 21 February 2014, the Group entered into an arrangement with an Indonesian entity to develop the industrial minerals business in Southeast Asia, which includes a first right of refusal to invest up to 20% in the Indonesian entity. The demand for such minerals is well understood by the Group based on its hydrocarbon industry experience. The Group continues to assess its right to invest into this growing venture as and when funding is available.

14. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Set out below is the management discussion and analysis of the Remaining Group for the three financial years ended 31 December 2013 and the six months ended 30 June 2014 ("**Relevant Period**").

Business Review

Marble business — operation

Due to the delay in the development of the unconventional gas project in China, the Group began to explore other opportunities such as industrial minerals during 2012.

During year ended 31 December 2013, the Remaining Group through one of its wholly-owned subsidiaries, continued to advance its business plan for industrial minerals through marble mine (quarry) operations in Indonesia at the quarry concession located at Barabatu, Labakkang District, Pangkep Regency, South Sulawesi Province, Indonesia. Sales for the marble products have been initiated to buyers in Indonesia and for export to China.

The Remaining Group through another non-wholly-owned subsidiary has subsequent to year ended 31 December 2013 entered into a co-operation agreement with another Indonesian marble company whereby the Remaining Group has been appointed as the general distributor in Indonesia and exclusive distributor overseas for some marble products. The Remaining Group will also have an exclusive right to use cutting and processing facilities as well as a warehouse, which are all located in the Jakarta area. This quarry is currently producing high quality marble in South Sulawesi, Indonesia, producing 300 to 500 cubic metres per month, with capacity to reach 1,000 cubic metres per month

in a relatively short period of time. The Remaining Group has already generated orders for products from this quarry in excess of 5,000 square metres for a project in Indonesia, representing contract value in excess of US$200,000. The co-operation represents an excellent opportunity for the Remaining Group to move into a more integrated business model to secure a sustainable supply of quality marble products.

In addition, during the year ended 31 December 2013, the Remaining Group through another subsidiary, entered into a distribution agreement with a company from the Sultanate of Oman that opened the Mideast marble market to the Company by appointing that company as a distributor of the Remaining Group's Indonesian marble products in Oman and the surrounding region. At the same time, the Remaining Group will broaden and expand its Asian market by becoming sole distributor of the Oman marble products in Indonesia and general distributor elsewhere.

During the six months ended 30 June 2014, the Remaining Group steadily increased the marketing of marble products globally via various channels. With processing and warehouse facilities in place, the Remaining Group began to generate orders for the domestic Indonesian market. The overseas markets have also started to open up after the Indonesian government lifted the export ban on marble products in April 2014. The current operating arrangements between the Remaining Group and other marble suppliers do not necessitate qualification of marble resources/reserves according to international reporting standards. If and when the Remaining Group requires the issuance of marble resources/reserves according to a reportable standard, such evaluations will be completed and shared with shareholders of the Company.

Marble business — resources and reserves

During year ended 31 December 2012, the Remaining Group responded to the growing economy and favourable economic conditions in Southeast Asia by acquiring limestone/marble assets in Indonesia. The Company indirectly holds approximately 90% of PT. Bara Hugo Energy ("**BHE**") which in turn holds 37.5% of PT. Grasada Multinational ("**GM**"), which holds a mining permit covering the Maros Marble Project in southwestern Sulawesi, Indonesia. BHE also holds warrants in GM which upon exercise will bring its shareholding in GM to 60%.

BHE initiated geological evaluation and drilling at the Maros marble project during the year ended 31 December 2012 incurred capital expenditure of approximately HK$0.9 million since acquisition. A five hole drilling program was undertaken to explore the resource base and sample the quality of the ore body. Various samples were sent to labs in Indonesia for assessment.

As announced on 17 February 2014, the Remaining Group completed a competent person's report (**"CPR**") regarding the GM Quarry. According to the CPR, as of 30 November 2013, the total proved and probable gross (100%) mineable reserve of marble estimated was approximately 2,613,000 m^3. Details of the resources from the CPR have been set out in the annual report of the Company for the year ended 31 December 2013. As at 30 June 2014, there were no material changes to these resource figures.

Industrial minerals & oilfield minerals

As announced on 21 February 2014, the Remaining Group entered into an arrangement with PT. Baramas Mandiri ("**Baramas**") to develop the industrial minerals business in Southeast Asia, which includes a first right of refusal to invest up to 20% in Baramas. The business model adopted by Baramas is based on control of high quality mineral natural resources and production, strategic facilities locations(s), low cost processing and manufacturing and efficient logistics.

Baramas targets oilfield minerals utilised in unconventional hydrocarbons especially as source material for proppant in shale oil and gas production offer attractive investment opportunities. Proppant is a necessary material in the production of shale oil and gas and minerals include high silica sand and high alumina content minerals such as kaolin or bauxite which can be processed into ceramic proppant. Proppant demand is tied directly to the growth in new oil and natural gas well drilling and has seen spectacular growth over the previous ten years with a total market value of US$7.5 billion which is expected to double in the period to 2017. High-value ceramic proppant represents 10% of the market by volume and 50% by value.

Conventional crude oil business

As at 31 December 2012 and 31 December 2011, the Remaining Group indirectly owned 50% of Qian An Oil Development Co., Ltd. ("**Qian An**"), an equity joint venture company established in China. The other 50% of the equity interest of Qian An is beneficially owned by PetroChina Company Limited. Qian An is principally engaged in exploitation of petroleum resources activities and production of petroleum.

During the year ended 31 December 2012 and 2011, the crude oil price in China continued to maintain at a level ranging between approximately US$91 to US$115 per barrel. PetroChina, being the operator of the two oilfields of Qian An, namely Qian Shen 12 and Qian 209, continued to maintain annual production levels at slightly over 80,000 barrels (2011: slightly over 100,000 barrels), representing a daily production of approximately 227 barrels (2011: 277 barrels).

As disclosed in the announcement of the Company on 11 March 2013, the Remaining Group completed the disposal of its conventional crude oil business via the disposal of 100% of its wholly-owned subsidiary, Allied Resources Limited, for a cash consideration of RMB51.5 million (equivalent to approximately HK$62.8 million).

Advanced production technologies

The Deep Unmineable Coal Carbon Dioxide ("**CO2**") Sequestration and Enhanced CBM Production Project ("**JV Project**") has operated under a cooperative joint venture agreement dated 25 January 2008 ("**JV Agreement**") between the Company, CUCBM and Petromin. Pursuant to the JV Agreement, CUCBM, as operator, holds 60% participating interest in the JV Project, while the Company and Petromin each holds a 20% participating interest.

The JV Project is located in CUCBM's Shizhuang North block in the Qinshui Basin of Shanxi Province, the PRC. The Qinshui Basin is one of the more prolific CBM producing regions in the PRC and the coal seams in the basin are prospective for ECBM production. The Remaining Group specialises in the injection of CO2 or a gas mixture including CO2 into geological formations to enhance hydrocarbon recovery and creating storage capacity for the CO2 in the reservoirs, for example, enhanced oil recovery ("**EOR**") and enhanced coalbed methane recovery ("**ECBM**").

During 2011, the parties completed reports on the results of initial phase operations during which CO2 was successfully injected and ECBM produced. The reports have been submitted to the sponsoring government bodies in China and Canada and have been reviewed by all the parties. A second phase which involves multi-well pilot testing was initiated during 2012 but no development has been made since then.

Financial Review

Marble segment

During the six months ended 30 June 2014, sales in the marbles business amounted to approximately HK$540,000. There was no capital expenditure incurred and operating cash flows in relation to the GM Quarry during the six months ended 30 June 2014.

During the year ended 31 December 2013, the Remaining Group initiated sales in the marbles business to buyers in China amounting to approximately HK$1,058,000. The capital expenditure incurred for the marble business amounted to approximately HK$534,000.

Prior to 2013, the Remaining Group did not have any operations in this marble segment.

*Information technology ("**IT**") and network infrastructure segment*

During the six months ended 30 June 2014, the Remaining Group's revenue generated from IT related businesses amounted to approximately HK$31,000.

During the year ended 31 December 2013, 2012 and 2011, the Group continued to focus its resources on energy-related business. The Remaining Group's revenue generated from IT related businesses for the year ended 31 December 2013, 2012 and 2011 amounted to approximately HK$0.1 million, HK$0.1 million and HK$0.2 million, respectively.

Oil and gas segment — Conventional crude oil business

During year ended 31 December 2013, the Remaining Group completed the disposal of its conventional crude oil business via the disposal of 100% of its wholly-owned subsidiary, Allied Resources Limited, for a cash consideration of RMB51.5 million (equivalent to approximately HK$62.8 million). The gain on the disposal is approximately

HK$81.9 million, which is equal to the difference between the carrying value of the disposal group as at date of the agreement, the consideration and cumulative exchange differences.

During the year ended 31 December 2012 and 2011, the crude oil price in China continued to maintain at a level ranging between approximately US$91 to US$115 per barrel. PetroChina Company Limited, being the operator of the two oilfields of Qian An, namely Qian Shen 12 and Qian 209, produced an aggregate of approximately 83,000 barrels (2011: 101,000 barrels), representing a daily production of approximately 227 barrels (2011: 277 barrels). As at 31 December 2012 and 31 December 2011, as the Remaining Group indirectly owned 50% of Qian An, the Remaining Group recorded an overall share of loss of Qian An for the year ended 31 December 2012, after taking into account depreciation and tax considerations, amounted to approximately HK$3.1 million (2011: share of profit HK$1.2 million).

Liquidity and Financial Resources

For the Relevant Period, the Remaining Group mainly financed its operations with funds raised from previous share placements and open offer, and proceeds from the disposal of Allied Resources in March 2013. As at 30 June 2014, the Remaining Group had bank balances and cash of approximately HK$9.6 million (as at 31 December 2013: HK$36.1 million, as at 31 December 2012: HK$20.0 million and as at 31 December 2011: HK$48.2 million). The Remaining Group's current ratio stood at approximately 1.1 as at 30 June 2014 (as at 31 December 2013: 2.1, as at 31 December 2012: 0.7 and as at 31 December 2011: 2.1).

The Remaining Group adopts conservative treasury policies in managing its cash and financial matters, with the treasury activities mainly carried out in Hong Kong. Currently, bank balances and cash are placed in interest-bearing bank accounts denominated in HK$, Renminbi, IDR and US$. The Remaining Group's financial risk management objectives and policies are reviewed regularly by the Board.

As at 30 June 2014, the Remaining Group had net assets of approximately HK$153.2 million (as at 31 December 2013: HK$198.6 million, as at 31 December 2012: HK$175.0 million and as at 31 December 2011: HK$56.8 million).

During the Relevant Period, the Remaining Group continued to maintain a debt-free capital structure.

As at 30 June 2014, the Remaining Group had no payables incurred which were not in the ordinary course of business and accordingly its gearing ratio was nil (as at 31 December 2013: Nil, as at 31 December 2012: Nil and as at 31 December 2011: Nil).

Charge on Group Assets

As at 30 June 2014, the Remaining Group did not have any charge on its assets (as at 31 December 2013: Nil, as at 31 December 2012: Nil and as at 31 December 2011: Nil).

Foreign Exchange Exposure

The Remaining Group mainly incurred costs in HK$, Renminbi, IDR and US$. The Directors and senior management will continue to monitor closely the foreign exchange risk by entering into forward contracts and utilising applicable derivatives to hedge out the exchange risk when necessary.

Capital Commitments

As at 30 June 2014, the Remaining Group did not have any capital commitments (as at 31 December 2013: Nil, as at 31 December 2012: Nil and as at 31 December 2011: Nil).

Contingent Liabilities

As at 30 June 2014, the Remaining Group had no contingent liabilities (as at 31 December 2013: Nil, as at 31 December 2012: Nil and as at 31 December 2011: Nil).

Significant Investments and Material Acquisitions and Disposals

As announced on 21 February 2014, the Remaining Group entered into an arrangement with Baramas to develop the industrial minerals business in Southeast Asia, which includes a first right of refusal to invest up to 20% in Baramas.

As announced on 11 March 2013, the Company and a purchaser have entered into the disposal agreement pursuant to which the Company has agreed to sell and the purchaser has agreed to acquire 100% of Allied Resources Limited for a cash consideration of RMB51.5 million. The transaction was completed on 11 March 2013.

As announced on 2 April 2012 and May 2012, the Remaining Group acquired a 95% interest of Hugo Link Global Investments Limited ("**Hugo Link**") for a cash consideration of US$3.5 million and the issuance of 452,000,000 new shares of the Company. Hugo Link holds 95% of PT Bara Hugo Energy which in turn owns 37.5% of PT Grasada Multinational. PT Bara Hugo Energy also holds warrants in PT Grasada Multinational which upon exercise will bring its shareholding in PT Grasada Multinational up to 60%.

Save as disclosed above, during the Relevant Period, the Remaining Group did not make any significant investments or future plans for material investments.

Save as disclosed above, during the Relevant Period, there were no other material acquisitions and/or disposals which would have been required to be disclosed under the Listing Rules.

The Remaining Group will continue to explore new opportunities in resource-related projects and to look for potential investments in Southeast Asia, the PRC and overseas.

Employees' Information

As at 30 June 2014, the Remaining Group had 27 full-time employees working in Hong Kong, China, Indonesia and Canada (as at 31 December 2013: 54, as at 31 December 2012: 27 and as at 31 December 2011: 23). The Remaining Group remunerates its employees based on their performance, experience and the prevailing industry practice. Other benefits, such as medical and retirement benefits and training programs, are also provided.

I. UNAUDITED COMBINED FINANCIAL INFORMATION OF PRIVATECO (THE "PRIVATECO") AND ITS SUBSIDIARIES (TOGETHER THE "PRIVATECO GROUP")

Set out below are the unaudited combined statements of financial position of the Privateco Group as at 31 December 2011, 2012 and 2013 and 30 September 2014 and the unaudited combined income statements, unaudited combined statements of comprehensive income, unaudited combined statements of changes in equity and unaudited combined statements of cash flows of the Privateco Group for each of the three years ended 31 December 2011, 2012 and 2013 and the nine months ended 30 September 2013 and 2014 (the "**Unaudited Combined Financial Information**").

The Unaudited Combined Financial Information has been presented on the basis set out in Note 1(c) and Note 2 and prepared in accordance with the accounting policies adopted by the Company as set out in its annual report for the year ended 31 December 2013, and the new accounting standards introduced that are effective for the year ending 31 December 2014, where applicable, and paragraph 68(2)(a)(i) of Chapter 14 of the Listing Rules.

The Unaudited Combined Financial Information is prepared by the Directors solely for the purpose of inclusion in this Circular in connection with the distribution in specie of the shares of the Privateco (the "**Distribution in Specie**"). The Company's reporting accountant was engaged to review the financial information of the Privateco Group set out on pages 57 to 69 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountant to obtain assurance that the reporting accountant would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountant does not express an audit opinion. The reporting accountant has issued a review report which contains a disclaimer of conclusion on the Unaudited Combined Financial Information as of 30 September 2014 and for the nine months then ended, and an emphasis of matter paragraph set out below:

Basis of Disclaimer of Conclusion on the Unaudited Combined Financial Information as of 30 September 2014 and for the nine months then ended

As at 30 September 2014, the carrying value of the Privateco Group's oil and gas properties is HK$1,018,963,000, which represents over 95% of Privateco Group's total assets. Such asset represents exploration expenditures capitalised in relation to a coalbed methane production sharing contract (the "**PSC**") that TerraWest Energy Corporation ("**TWE**", a subsidiary of the Privateco) and China National Petroleum Corporation ("**CNPC**") have entered into. TWE has declared a dispute against CNPC over the latter's breach of the PSC, and after serving a notice of purported termination on 3 July 2014, TWE has subsequently

served a formal notice of arbitration to CNPC in which TWE seeks an award of damages as compensation for the losses caused by CNPC's breaches of the PSC, together with declaratory relief, costs and interest.

Having obtained advice from the arbitration counsel, considering the merits and basis of the claim and assessing the likelihood of a successful outcome from the arbitration process, the Directors are of the opinion that there was no impairment on the oil and gas properties as of 30 September 2014.

As of the date of this report, the arbitration is still at its preliminary stage where the outcome is subject to significant uncertainty. We were unable to perform the procedures we considered necessary, including written opinion from the arbitration counsel in relation to the likelihood of success of the claim, to assess the recoverable amount of the oil and gas properties. There were no alternative procedures that we could perform to assess the recoverable amount of the oil and gas properties and whether any impairment charge should be made. Had we been able to perform alternative procedures and obtain the appropriate audit evidence, an impairment adjustment to the carrying value of the oil and gas properties might have been found necessary which could significantly reduce the Privateco Group's net assets as at 30 September 2014, significantly increase the Privateco Group's loss for the nine months then ended, and affect the related note disclosures in the Unaudited Combined Financial Information.

Because of the significance of the matters described in the Basis for Disclaimer of Conclusion paragraphs, we have not been able to obtain sufficient appropriate evidence to form a conclusion on the Unaudited Combined Financial Information as of 30 September 2014 and for the nine months then ended. Accordingly, we do not express a conclusion on the Unaudited Combined Financial Information as of 30 September 2014 and for the nine months then ended.

Emphasis Of Matter

We draw attention to Note 2.1 to the Unaudited Combined Financial Information which states that the Privateco Group incurred a net loss of HK$6,010,000 for the nine months ended 30 September 2014 and, as of that date, the Privateco Group's current liabilities exceeded its current assets by HK$154,806,000. These conditions, along with other matters as described in Note 2.1, indicate the existence of a material uncertainty which may cast significant doubt about the Privateco Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

UNAUDITED COMBINED STATEMENTS OF FINANCIAL POSITION

	Unaudited			
	As at 31 December			As at 30 September
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS				
Non-current assets				
Property, plant and equipment	14	11	7	—
Oil and gas properties	1,103,650	1,134,704	1,061,728	1,018,963
	1,103,664	1,134,715	1,061,735	1,018,963
Current assets				
Deposits, prepayments and other receivables	77	116	109	1
Cash and bank balances	679	5,931	1,384	127
	756	6,047	1,493	128
Total assets	1,104,420	1,140,762	1,063,228	1,019,091
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Privateco				
Share capital	—	—	—	—
Reserves	498,004	507,617	465,392	440,497
	498,004	507,617	465,392	440,497
Non-controlling interests	230,592	234,717	217,006	206,584
Total equity	728,596	742,334	682,398	647,081

	Unaudited			
	As at 31 December			As at 30 September
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	243,359	247,733	228,428	217,076
Current liabilities				
Trade and other payables	3,398	11,331	10,070	9,661
Amount due to ultimate holding company	69,403	78,589	85,249	90,240
Amounts due to fellow subsidiaries	59,664	60,775	57,083	55,033
	132,465	150,695	152,402	154,934
Total liabilities	375,824	398,428	380,830	372,010
Total equity and liabilities	1,104,420	1,140,762	1,063,228	1,019,091
Net current liabilities	(131,709)	(144,648)	(150,909)	(154,806)
Total assets less current liabilities	971,955	990,067	910,826	864,157

UNAUDITED COMBINED INCOME STATEMENTS

	Unaudited				
	Year ended 31 December			Nine months ended 30 September	
	2011	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	—	—	—	—	—
Cost of sales	—	—	—	—	—
Gross profit	—	—	—	—	—
Other gain	—	—	487	—	—
Finance income	5	2	2	1	—
Finance costs	(607)	(807)	(1,069)	(729)	(927)
Administrative and operating expenses	(2,079)	(2,298)	(8,647)	(6,570)	(7,234)
Loss before taxation	(2,681)	(3,103)	(9,227)	(7,298)	(8,161)
Income tax credit	388	683	2,548	1,819	2,151
Loss for the year/period	(2,293)	(2,420)	(6,679)	(5,479)	(6,010)
Attributable to:					
Equity holders of the Privateco	(1,617)	(1,748)	(4,785)	(3,926)	(4,306)
Non-controlling interests	(676)	(672)	(1,894)	(1,553)	(1,704)
	(2,293)	(2,420)	(6,679)	(5,479)	(6,010)

UNAUDITED COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited				
	Year ended 31 December			Nine months ended 30 September	
	2011	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Loss for the year/period	(2,293)	(2,420)	(6,679)	(5,479)	(6,010)
Other comprehensive (loss)/income					
Item that may be subsequently reclassified to profit or loss					
Exchange differences arising on translation of financial statements of subsidiaries	(17,735)	16,158	(53,257)	(26,026)	(29,307)
Total other comprehensive (loss)/income for the year/period	(20,028)	13,738	(59,936)	(31,505)	(35,317)
Attributable to:					
Equity holders of the Privateco	(12,383)	9,613	(42,225)	(22,224)	(24,895)
Non-controlling interests	(7,645)	4,125	(17,711)	(9,281)	(10,422)
	(20,028)	13,738	(59,936)	(31,505)	(35,317)

UNAUDITED COMBINED STATEMENTS OF CHANGES IN EQUITY

	Unaudited							
	Share capital *HK$'000*	Capital reserve *HK$'000*	Translation reserve *HK$'000*	Other reserve *HK$'000*	Retained earnings/ (Accumulated losses) *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
Balance at 1 January 2011	—	385,571	64,081	9,459	1,966	461,077	287,547	748,624
Comprehensive loss								
Loss for the year	—	—	—	—	(1,617)	(1,617)	(676)	(2,293)
Other comprehensive loss	—	—	(10,766)	—	—	(10,766)	(6,969)	(17,735)
Total comprehensive loss	—	—	(10,766)	—	(1,617)	(12,383)	(7,645)	(20,028)
Change in equity interest in a subsidiary without change in control	—	—	—	49,310	—	49,310	(49,310)	—
Balance at 31 December 2011	—	385,571	53,315	58,769	349	498,004	230,592	728,596
Comprehensive loss								
Loss for the year	—	—	—	—	(1,748)	(1,748)	(672)	(2,420)
Other comprehensive income	—	—	11,361	—	—	11,361	4,797	16,158
Total comprehensive income/(loss)	—	—	11,361	—	(1,748)	9,613	4,125	13,738
Balance at 31 December 2012	—	385,571	64,676	58,769	(1,399)	507,617	234,717	742,334
Comprehensive loss								
Loss for the year	—	—	—	—	(4,785)	(4,785)	(1,894)	(6,679)
Other comprehensive loss	—	—	(37,440)	—	—	(37,440)	(15,817)	(53,257)
Total comprehensive loss	—	—	(37,440)	—	(4,785)	(42,225)	(17,711)	(59,936)
Balance at 31 December 2013	—	385,571	27,236	58,769	(6,184)	465,392	217,006	682,398

	Unaudited							
	Share capital *HK$'000*	**Capital reserve** *HK$'000*	**Translation reserve** *HK$'000*	**Other reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
Balance at 1 January 2013	—	385,571	64,676	58,769	(1,399)	507,617	234,717	742,334
Comprehensive loss								
Loss for the period	—	—	—	—	(3,926)	(3,926)	(1,553)	(5,479)
Other comprehensive income	—	—	(18,298)	—	—	(18,298)	(7,728)	(26,026)
Total comprehensive loss	—	—	(18,298)	—	(3,926)	(22,224)	(9,281)	(31,505)
Balance at 30 September 2013	—	385,571	46,378	58,769	(5,325)	485,393	225,436	710,829
Balance at 1 January 2014	—	385,571	27,236	58769	(6,184)	465,392	217,006	682,398
Comprehensive loss								
Loss for the period	—	—	—	—	(4,306)	(4,306)	(1,704)	(6,010)
Other comprehensive loss	—	—	(20,589)	—	—	(20,589)	(8,718)	(29,307)
Total comprehensive loss	—	—	(20,589)	—	(4,306)	(24,895)	(10,422)	(35,317)
Balance at 30 September 2014	—	385,571	6,647	58,769	(10,490)	440,497	206,584	647,081

UNAUDITED COMBINED STATEMENTS OF CASH FLOWS

	Unaudited				
	Year ended 31 December			Nine months ended 30 September	
	2011	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Loss before income tax	(2,681)	(3,103)	(9,227)	(7,298)	(8,161)
Adjustments for:					
Depreciation of property, plant and equipment	6	4	3	2	7
Interest income	(5)	(2)	(2)	(1)	—
Interest expenses	607	807	1,069	729	927
Written off of other payables	—	—	(487)	—	—
Operating losses before working capital changes	(2,073)	(2,294)	(8,644)	(6,568)	(7,227)
Changes in working capital:					
Decrease/(increase) in deposits, prepayments and other receivables	209	(41)	8	4	108
(Decrease)/increase in other payables and accruals	(1,216)	239	(4,129)	(3,670)	(409)
Decrease in amounts due to fellow subsidiaries	(868)	—	—	—	—
Cash used in operations	(3,948)	(2,096)	(12,765)	(10,234)	(7,528)
Interest paid	—	—	—	—	—
Income tax paid	—	—	—	—	—
Net cash used in operating activities	(3,948)	(2,096)	(12,765)	(10,234)	(7,528)

	Unaudited				
	Year ended 31 December			Nine months ended 30 September	
	2011	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash flow from investing activities					
Addition of oil and gas properties	(37,127)	(396)	(552)	(431)	—
Interest received	5	2	2	1	—
Net cash used in investing activities	(37,122)	(394)	(550)	(430)	—
Cash flow from financing activities					
Increase in amount due to ultimate holding company	30,580	8,028	8,248	6,160	5,855
Net cash generated from financing activities	30,580	8,028	8,248	6,160	5,855
Net (decrease)/increase in cash and cash equivalents	(10,490)	5,538	(5,067)	(4,504)	(1,673)
Cash and cash equivalents at beginning of year/period	11,294	679	5,931	5,931	1,384
Exchange difference	(125)	(286)	520	217	416
Cash and cash equivalents at end of year/period	679	5,931	1,384	1,644	127

NOTES TO THE UNAUDITED COMBINED FINANCIAL INFORMATION

1 GENERAL INFORMATION, GROUP REORGANISATION AND BASIS OF PRESENTATION

(a) General information

On 24 November 2014, Enviro Energy International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), the ultimate holding company of the Privateco Group, announced a proposed distribution in specie to distribute 100% equity interest of Aces Diamond International Ltd. ("**Aces Diamond**") and Chavis International Ltd. ("**Chavis**"), being the two wholly-owned subsidiaries of the Company comprising the Privateco Group, to its shareholders as dividends. During the years ended 31 December 2011, 2012 and 2013 and the nine months ended 30 September 2014, Aces Diamond and Chavis held all the Group's 71.61% in TerraWest Energy Corporation Energy Corporation ("**TWE**"). Immediately after the completion of the distribution in specie, the Privateco Group will cease to be subsidiaries of the Company.

(b) Group reorganisation

For the purpose of distribution in specie of the Privateco by the Company, the Group will undergo the reorganisation (the "**Group Reorganisation**") as described below:

- On 24 December 2014, the Privateco was incorporated in the BVI with an authorised share capital of 50,000 shares, with 1 share issued and allotted to the Company at consideration price US$1.

- The amounts due to the Company by Aces Diamond and Chavis amounting to a total of HK$43,358,000 will be capitalised as share premiums of Aces Diamond and Chavis respectively; the amounts due to the Rich Concept Technology Limited ("**Rich Concept**") a wholly-owned subsidiary of the Company, by Aces Diamond and Chavis amounting to a total of HK$55,033,000 will be capitalised as share premiums of Aces Diamond and Chavis respectively.

- Rich Concept will transfer all its equity interests in Aces Diamond and Chavis, together with their total equity interests of 71.61% in TWE to the Privateco.

- Aces Diamond will exercise warrants to increase its equity interest in TWE such that the Privateco Group's total equity interest in TWE will increase from 71.61% to 77.91%. The amount due to the Company amounted to HK$46,882,000 will be capitalised as share premium of TWE.

- Upon completion of the Group Reorganisation, the Privateco will become the holding company of Aces Diamond and Chavis which will hold a total of total equity interests of 77.91% in TWE. The Group Reorganisation is expected to be completed after the approval of the Shareholders of the Company for the proposed distribution in specie.

(c) Basis of presentation

The combined financial statements of the Privateco, Aces Diamond and Chavis (together, the "**Privateco Group**") have been prepared for inclusion in the circular of the Company in connection with the proposed distribution in specie. The combined income statements, combined statements of comprehensive income, combined statements of changes in equity and combined cash flow statements of the Privateco Group for each of the years ended 31 December 2011, 2012 and 2013 and the nine months ended 30 September 2013 and 2014 have been prepared on a combined basis using the financial information of the companies comprising the Privateco Group. The combined statements of financial position of the Privateco Group as at 31 December 2011, 2012 and 2013 and 30 September 2014 have been prepared to present the combined assets and liabilities of the companies now comprising the Privateco Group at these dates. The net assets and results of the Privateco Group were combined using the existing book values from the Company's perspective.

Inter-company transactions, balances and unrealised gains/losses on transactions between Privateco Group companies are eliminated on combination.

2 BASIS OF PREPARATION

The Unaudited Combined Financial Information of the Privateco Group has been prepared in accordance with the accounting policies adopted by the Company as set out in its annual report for the year ended 31 December 2013, and the new accounting standards introduced that are effective for the year ending 31 December 2014, where applicable, and paragraph 68(2)(a)(i) of Chapter 14 of the Listing Rules. The Unaudited Combined Financial Information is prepared by the Directors solely for the purpose of inclusion in this Circular and has been prepared under the historical cost convention. The Unaudited Combined Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2.1 Going concern

For the nine months period ended 30 September 2014, the Privateco Group had incurred a combined net loss of approximately HK$6,010,000. As at 30 September 2014, the Privateco Group's current liabilities exceeded its current assets by approximately HK$154,806,000.

These conditions indicated the existence of a material uncertainty which may cast significant doubt on the Privateco Group's ability to continue as a going concern.

The Directors have reviewed the Privateco Group's cash flow projections, which cover a period of twelve months from the balance sheet date. They are of the opinion that, taking into account the following, the Privateco Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from the balance sheet date:

(i) As part of the Group Reorganisation, the payable balances due by the Privateco Group to the Group of HK$ 145,273,000 as at 30 September 2014 will be capitalised as share premiums of Aces Diamond, Chavis and TWE. On 12 January 2015, the Group has confirmed not to demand repayment of this balance from the Privateco Group before the completion of the capitalisation pursuant to the Group Reorganisation;

(ii) The Company has agreed to provide financial support to the Privateco Group so as to enable the Privateco Group to meet its liabilities as and when they fall due from the date of this Circular up to the effective date of the Distribution in Specie; and

(iii) Kenny Chan, a shareholder of the Company and a shareholder of the Privateco (after the completion of Distribution in Specie) has also agreed to provide financial support to the Privateco Group so as to enable the Privateco Group to meet its liabilities as and when they fall due in the next twelve months from the date of this Circular.

In the opinion of the Directors, in light of the above, the Privateco Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from the date of this Circular. Accordingly, the Directors are satisfied that it is appropriate to prepare the Unaudited Combined Financial Information on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Privateco Group will be able to achieve the plans and measures as described above. Whether the Privateco Group will be able to continue as a going concern would depend upon whether the Group is able to obtain the necessary financial support from Kenny Chan, as needed. Should the Privateco Group be unable to operate as a going concern, adjustment would have to be made to reduce the carrying values of the Privateco Group's assets to their recoverable amounts, to provide for financial liabilities which might arise; and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the Unaudited Combined Financial Information.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Oil and gas properties

All costs of acquisition of exploration for and evaluation of oil and gas reserves are capitalised and accumulated on a field-by-field basis. Such costs include licence and land acquisitions, geological and geophysical activity and exploratory drilling. The Privateco Group does not have any costs of unproved properties capitalised in oil and gas properties.

No amortisation is charged on the oil and gas properties during the exploration and evaluation phase.

Oil and gas properties are reviewed for impairment when there are indicators that impairment exists. Impairment is assessed at each field of the oil and gas properties.

(b) Deferred income tax

Deferred tax is recognised in the combined income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Privateco Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4 OIL AND GAS PROPERTIES

Movement of the oil and gas properties is as follows:

	Year ended 31 December			Nine months ended 30 September
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At cost				
At beginning of the year	1,107,078	1,103,650	1,134,704	1,061,728
Additions	20,966	8,090	3,907	—
Exchange differences	(24,394)	22,964	(76,883)	(42,765)
	1,103,650	1,134,704	1,061,728	1,018,963

At each of the balance sheet date, oil and gas properties represented exploration expenditures, including licence acquisition costs, incurred for the Privateco Group's coalbed methane ("**CBM**") project.

TWE and China United Coalbed Methane Corporation Limited ("**CUCBM**") entered into a coalbed methane production sharing contract ("**PSC**") on 30 December 2005 and the PSC came into force on 1 March 2006 after receiving approval of the Ministry of Commerce of the PRC ("**MOC**").

On 23 June 2011, TWE, CUCBM and China National Petroleum Corporation ("**CNPC**") entered into a modification agreement, pursuant to which, among others, CUCBM assigned all its interest, rights and obligations under the PSC to CNPC. According to the modification agreement, apart from retaining part of its own management and regulatory functions, CNPC further assigned all of its rights and obligations to its publicly-listed subsidiary company, PetroChina Company Limited, and guaranteed the performance of all the assigned rights and obligations and such assignment shall not interfere with the performance of the CBM operations.

TWE became aware of a discrepancy between the stated area of its exploration rights under the terms and conditions of the PSC and the area referenced in the related CBM exploration permit issued by the PRC Ministry of Land and Resources to CNPC and naming TWE as the foreign contractor. The discrepancy was noted informally and TWE subsequently repeatedly requested formal clarification from CNPC which has the obligation for the renewal of permits required to support the CBM operations of the PSC.

As previously disclosed in the announcements of the Company dated 28 April 2014 and 7 July 2014, TWE has declared a dispute ("**Dispute**") with CNPC in relation to the PSC. TWE has subsequently advised its shareholders that it has taken advice from its retained special international arbitration counsel and a notice was issued to CNPC on 3 July 2014 to terminate the PSC. In reaching the decision to serve the notice of termination, TWE has taken into account CNPC's breaches of the PSC, including the breakdown in the relationship between TWE and CNPC, the reduction in the CBM exploration area as previously reported and the scale of ongoing coal mining activities, and the fact that any on-going collaboration is no longer feasible.

On 4 July 2014, TWE's counsel, on behalf of TWE, formally served a notice of arbitration on PetroChina Company Limited and CNPC. By this notice of arbitration, TWE seeks an award of damages as compensation for the losses caused by CNPC's breaches of the PSC, together with declaratory relief, costs and interest. The amount of damages has taken into account, among others (i) the CBM discovered resources as previously reported by an independent third party in 2010 according to reporting standard National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities; and (ii) the original gas in place as previously reported by an independent third party in 2011 according to Petroleum Resources Management System of the Society of Petroleum Engineers, details of which have been set forth in the Company's annual report for the year ended 31 December 2013.

TWE has completed the appointment of an international arbitrator to be one of three arbitrators on the arbitration tribunal. CNPC has, before the extended deadline, similarly appointed an arbitrator. A third arbitrator, as chairman, has also been appointed and the details of the arbitration, including place and timetable, shall be determined in due course.

It should be noted that the termination is not effective until it has been ruled by the arbitration tribunal following the hearing. Pursuant to the PSC the right to arbitrate disputes shall survive the termination of the PSC, as a result, having considered the aforementioned merits, the Directors concluded that the Company continues to have the oil and gas properties as at 30 September 2014. In addition, according to the legal advice obtained from the arbitration counsel, considering the merits and basis of the claim and assessing the likelihood of a successful outcome from the arbitration process which includes the amount of damage to be awarded to the Company, the Directors are of the opinion that there was no impairment on the oil and gas properties as of 30 September 2014.

5 DEFERRED TAX

The movement in deferred tax assets and liabilities, without taking into consideration the offsetting of balances within the same taxation jurisdiction, is as follows:

Deferred tax liabilities

	Unaudited			
	Oil and gas properties *(Note)*			
	Year ended 31 December			Nine months ended 30 September
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of the year/period	253,701	248,265	253,424	236,282
Exchange differences	(5,436)	5,159	(17,142)	(9,517)
At end of the year/period	248,265	253,424	236,282	226,765

Note: Deferred tax liabilities arose from the difference between the carrying value of oil and gas properties and their tax bases.

Deferred tax assets

	Unaudited			
	Tax losses			
	Year ended 31 December			Nine months ended 30 September
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of the year/period	4,618	4,906	5,691	7,854
Exchange differences	(100)	102	(385)	(316)
Credited to unaudited combined income statement	388	683	2,548	2,151
At end of the year/period	4,906	5,691	7,854	9,689

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	Unaudited			
	Year ended 31 December			Nine months ended 30 September
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deferred tax liabilities	248,265	253,424	236,282	226,765
Deferred tax assets	(4,906)	(5,691)	(7,854)	(9,689)
	243,359	247,733	228,428	217,076

Deferred tax assets and liabilities of the Privateco Group are expected to be recovered after more than 12 months.

II. ADDITIONAL FINANCIAL INFORMATION OF PRIVATECO GROUP AS AT 30 JUNE 2014

The following is the unaudited combined statement of financial position of Privateco Group as at 30 June 2014:

Unaudited Combined Statement of Financial Position

	Unaudited As at 30 June 2014 *HK$'000*
ASSETS	
Non-current assets	
Property, plant and equipment	3
Oil and gas properties	1,063,871
	1,063,874
Current assets	
Deposits, prepayments and other receivables	64
Cash and bank balances	370
	434
Total assets	1,064,308
EQUITY AND LIABILITIES	
Equity attributable to equity holders of the Privateco	
Share capital	—
Reserves	463,557
	463,557
Non-controlling interests	216,311
Total equity	679,868

	Unaudited As at 30 June 2014 *HK$'000*
LIABILITIES	
Non-current liabilities	
Deferred tax liabilities	227,333
Current liabilities	
Trade and other payables	10,070
Amount due to ultimate holding company	89,906
Amounts due to fellow subsidiaries	57,131
	157,107
Total liabilities	384,440
Total equity and liabilities	1,064,308
Net current liabilities	(156,673)
Total assets less current liabilities	907,201

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**") presented below is prepared to illustrate (a) the financial position of the Remaining Group as if the Distribution in Specie had been taken place on 30 June 2014; and (b) the results and cash flows of the Remaining Group for the year ended 31 December 2013 as if the Distribution in Specie had been taken place on 1 January 2013. This Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, and because of its hypothetical nature, it does not purport to present the true picture of (i) the financial position of the Remaining Group as at 30 June 2014 or at any future date had the Distribution in Specie been taken place on 30 June 2014; or (ii) the results and cash flows of the Remaining Group for the year ended 31 December 2013 or for any future period had the Distribution in Specie been taken place on 1 January 2013.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2014, the audited consolidated income statement, audited consolidated statement of comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 December 2013, and the Unaudited Combined Financial Information of the Privateco Group as set out in Appendix II to this Circular, after giving effect to pro forma adjustments described in the notes and has been prepared in accordance with Rules 4.29 and 14.68(2)(a)(ii) of the Listing Rules.

Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group

	Unaudited consolidated statement of financial position of the Group as at 30 June 2014	Pro forma adjustments					Unaudited pro forma consolidated statement of financial position of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 6(i)*	*Note 10*	*Note 11*	
ASSETS							
Non-current assets							
Property, plant and equipment	1,846	(3)	—	—	—	—	1,843
Oil and gas properties	1,063,871	(1,063,871)	—	—	—	—	—
Mining properties	145,856	—	—	—	—	—	145,856
Available-for-sale financial assets	315	—	—	—	—	—	315
Club memberships	2,700	—	—	—	—	—	2,700
Deposits	1,061	—	—	—	—	—	1,061
	1,215,649	(1,063,874)	—	—	—	—	151,775
Current assets							
Inventories	1,487	—	—	—	—	—	1,487
Trade receivables	118	—	—	—	—	—	118
Deposits, prepayments and other receivables	5,121	(64)	—	—	—	—	5,057
Amounts due from the Privateco Group	—	—	147,037	—	(100,493)	(46,544)	—
Financial asset at fair value through profit or loss	902	—	—	—	—	—	902
Cash and cash equivalents	10,020	(370)	—	—	—	—	9,650
	17,648	(434)	147,037	—	(100,493)	(46,544)	17,214
Total assets	1,233,297	(1,064,308)	147,037	—	(100,493)	(46,544)	168,989

	Unaudited consolidated statement of financial position of the Group as at 30 June 2014	Pro forma adjustments					Unaudited pro forma consolidated statement of financial position of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 6(i)*	*Note 10*	*Note 11*	
EQUITY AND LIABILITIES							
Equity attributable to equity holders of the Company							
Share capital	8,734	—	—	—	—	—	8,734
Share premium and reserves	661,446	(463,557)	—	(720)	(100,493)	(46,544)	50,132
	670,180	(463,557)	—	(720)	(100,493)	(46,544)	58,866
Non-controlling interests	310,599	(216,311)	—	—	—	—	94,288
Total equity	980,779	(679,868)	—	(720)	(100,493)	(46,544)	153,154
LIABILITIES							
Non-current liabilities							
Deferred tax liabilities	227,333	(227,333)	—	—	—	—	—
Current liabilities							
Trade and other payables	25,185	(10,070)	—	720	—	—	15,835
Amount due to ultimate holding company	—	(89,906)	89,906	—	—	—	—
Amounts dues to fellow subsidiaries	—	(57,131)	57,131	—	—	—	—
Subtotal	25,185	(157,107)	147,037	720	—	—	15,835
Total liabilities	252,518	(384,440)	147,037	720	—	—	15,835
Net assets	980,779	(679,868)	—	(720)	(100,493)	(46,544)	153,154

Unaudited Pro Forma Consolidated Income Statement of the Remaining Group

	Audited consolidated income statement of the Group for the year ended 31 December 2013	Pro forma adjustments			Unaudited pro forma consolidated income statement of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 4*	*Note 5*	*Note 6(i)*	
Revenue	1,154	—	—	—	1,154
Cost of sales	(266)	—	—	—	(266)
Gross profit	888	—			888
Other losses, net	(2,008)	(487)	—	—	(2,495)
Other income	—	—	6,864	—	6,864
Selling and distribution costs	(613)	—	—	—	(613)
Administrative and operating expenses	(65,921)	8,647	(6,864)	(720)	(64,858)
Gain on disposal of subsidiaries	81,934	—	—	—	81,934
Finance income, net	440	1,067	—	—	1,507
Profit before income tax	14,720	9,227			23,227
Income tax	2,548	(2,548)	—	—	—
Profit for the year from continuing operations	17,268	6,679	—	(720)	23,227
Discontinued operations					
Loss for the year from discontinued operations	(21)				(21)
Profit for the year	17,247				23,206
Attributable to:					
Equity holders of the Company					
Continuing operations	20,744				24,809
Discontinued operations	(21)				(21)
	20,723				24,788
Non-controlling interests					
Continuing operations	(3,476)				(1,582)
	17,247				23,206

Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Remaining Group

	Audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2013	Pro forma adjustment			Unaudited pro forma consolidated statement of comprehensive income of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 4*	*Note 5*	*Note 6(ii)*	
Profit for the year	17,247	6,679	—	(720)	23,206
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Fair value loss on available-for-sale investment	(955)	—	—	—	(955)
Translation reserve released upon disposal of subsidiaries	(509)	—	—	—	(509)
Exchange differences arising from translation of foreign operations	(98,050)	53,257	—	—	(44,793)
Total other comprehensive loss for the year, net of tax	(99,514)				(46,257)
Total comprehensive loss for the year	(82,267)				(23,051)
Attributable to					
Equity holders of the Company	(37,822)				3,683
Non-controlling interests	(44,445)				(26,734)
	(82,267)				(23,051)
Total comprehensive loss attributable to equity holders of the Company arises from:					
Continuing operation	(37,771)				3,734
Discontinued operation	(51)				(51)
	(37,822)				3,683

Pro Forma Consolidated Statement of Cash Flows of the Remaining Group

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2013	Pro forma adjustment	Unaudited pro forma consolidated statement of cash flows of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*
	Note 1	*Note 7*	
Cash flows from operating activities			
Profit before income tax expense for continuing operations	14,699	9,227	23,926
Adjustment for:			
Finance income	(440)	(1,067)	(1,507)
Depreciation of property, plant and equipment	753	(3)	750
Gain on disposal of property, plant and equipment	(47)	—	(47)
Share-based payment	7,523	—	7,523
Gain on disposal of subsidiaries	(81,934)	—	(81,934)
Fair value changes on financial asset at fair value through profit and loss	2,421	—	2,421
Impairment loss of available-for-sale investment	152	—	152
Written off of payables	—	487	487
Operating loss before working capital changes	(56,873)		(48,229)
Changes in working capital			
Increase in trade receivables	(194)	—	(194)
Increase in deposits, prepayments and other receivable	(1,457)	(8)	(1,465)
Decrease in trade and other payable	(6,987)	4,129	(2,858)
Increase in amounts due from Privateco Group	—	(8,248)	(8,248)
Net cash used in operating activities	(65,511)		(60,994)

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2013	Pro forma adjustment	Unaudited pro forma consolidated statement of cash flows of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*
	Note 1	*Note 7*	
Cash flow from investing activities			
Addition to oil and gas properties	(552)	552	—
Addition to mining properties	(344)	—	(344)
Purchase of property, plant and equipment	(537)	—	(537)
Proceeds from disposal of property, plant and equipment	450	—	450
Proceeds from disposal of subsidiaries, net of professional expenses incurred on disposal and bank balances and cash returned	61,216	—	61,216
Bank interest received	3	(2)	1
Net cash generated from investing activities	60,236		60,786
Cash flow from financing activities			
Proceeds from issuance of ordinary share, net of issuance cost	11,625	—	11,625
Proceeds from exercise of share options	2,788	—	2,788
Net cash generated from financing activities	14,413		14,413
Net increase in cash and cash equivalents	9,138		14,205
Cash and cash equivalents at beginning of year	27,535	(5,931)	21,604
Effect of foreign exchange rate change	820	(520)	300
Cash and cash equivalents at end of year	37,493		36,109

Note 1 The amounts are extracted from (i) the unaudited consolidated statement of financial position of the Group as at 30 June 2014 as set out in the published interim financial statements of the Company for the six months ended 30 June 2014; and (ii) the audited consolidated income statement, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2013 as set out in the published annual report of the Company for the year ended 31 December 2013.

Note 2 The adjustment reflects the exclusion of the assets and liabilities of the Privateco Group as at 30 June 2014, which is extracted from the unaudited combined statement of financial position of the Privateco Group as at 30 June 2014, as set out in Appendix II to this Circular assuming the Distribution in Specie had been taken place on 30 June 2014. The adjustment in reserves amounted $463,557,000 refers to the pro forma reduction in share premium in the reserves of the Company as a result of the distribution in Specie, in which the Company will distribute the Privateco shares with the carrying amount of HK$463,557,000 as at 30 June 2014 to the shareholders of the Company.

Note 3 The reclassification represents the amounts payable from the Privateco Group to the Remaining Group upon the completion of Distribution in Specie.

Note 4 The adjustment reflects the exclusion of the income and expenses, and other comprehensive income of the Privateco Group for the year ended 31 December 2013, which is extracted from the unaudited combined income statement and unaudited combined statement of comprehensive income of the Privateco Group for the year ended 31 December 2013 as set out in Appendix II to the Circular, assuming the Distribution in Specie had been taken place on 1 January 2013.

Note 5 The adjustment reflects the reinstatement of the intercompany transactions between the Privateco and the Remaining Group for the year ended 31 December 2013, which should not be eliminated after the completion of the Distribution in Specie. The intercompany transactions represents the consultancy fee paid by the Privateco Group to the Remaining Group.

Note 6 (i) In the unaudited pro forma consolidated statement of financial position, the adjustment represents the legal and professional fee directly attributable to this transaction as if the Distribution in Specie had been completed on 30 June 2014.

(ii) In the unaudited pro forma consolidated statement of comprehensive income, this adjustment represents the legal and professional fee directly attributable to this transaction as if the Distribution in Specie had been completed on 1 January 2013.

Note 7 The adjustment reflects the exclusion of cash flows of the Privateco Group for the year ended 31 December 2013, which is extracted from the unaudited combined statement of cash flows of the Privateco Group for the year ended 31 December 2013 as set out in Appendix II to the Circular, assuming the Distribution in Specie had been taken place on 1 January 2013.

Note 8 Apart from note 2, 6(i) above, no other adjustment has been made to reflect any trading results or other transaction of the Remaining Group entered into subsequent to 30 June 2014.

Note 9 Apart from note 4, note 5 and note 6(ii), no other adjustment has been made to reflect any trading results on other transaction of the Remaining Group entered into subsequent to 1 January 2013.

Note 10 The adjustment reflects the capitalisation of the amounts due from Aces Diamond and Chavis as a reduction in share premium of the Company.

Note 11 Aces Diamond will exercise warrants to increase its equity interest in TWE such that the Privateco Group's total equity interest in TWE will increase from 71.61% to 77.91%. The amount due from TWE amounted to HK$46,544,000 will be capitalised and a corresponding reduction would be reflected in the Company's share premium. This adjustment reflects such reduction in the share premium.

1. SUMMARY OF THE ARTICLES OF ASSOCIATION

Set out below is a summary of certain provisions of the Articles of Association (the "**Articles**") of the Privateco (referred to as the "Company" for the purpose of the summary below) to be adopted immediately before the Distribution in Specie.

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the BVI Business Companies Act (the "**Act**") and the Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Act, the memorandum of association of the Company and the Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Act and the Articles and any direction that may be given by the Company in general meeting and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries and requirements for approval of members in certain circumstances disclosed in paragraph (r) below. Subject to these provisions, the Directors may sell, transfer, secure, exchange or otherwise dispose of the assets of the Company without authorisation by the Members. The Directors may otherwise exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Act to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may (i) hold any other office or place of profit with the Company (except that of Auditors) in conjunction with his office of Director for such period and, subject to these Articles, upon such terms as the Board may determine. Any remuneration (whether by way of salary, commission, participation in profits or otherwise) paid to any Director in respect of any such other office or place of profit shall be in addition to any remuneration provided for by or pursuant to any other Article; (ii) act by himself or his firm in a professional capacity for the Company (otherwise than as Auditors) and he or his firm may be remunerated for professional services as if he were not a Director; (iii) continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise and (unless otherwise agreed) no such Director shall be accountable for any remuneration, profits or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of or from his interests in any such other company. Subject as otherwise provided by these Articles the Directors may exercise or cause to be exercised the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as Directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors,

executive directors, managers or other officers of such company) or voting or providing for the payment of remuneration to the director, managing director, joint managing director, deputy managing director, executive director, manager or other officers of such other company and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.

Subject to the Act and to these Articles, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established provided that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested in accordance with the following paragraph.

A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For the purposes of this Article, a general Notice to the Board by a Director to the effect that:

(a) he is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with that company or firm; or

(b) he is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with a specified person who is connected with him;

shall be deemed to be a sufficient declaration of interest under this Article in relation to any such contract or arrangement, provided that no such Notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

A Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract, transaction, arrangement or other proposal in which he or his close associate(s) is/are to his knowledge materially interested, but this prohibition shall not apply to any of the following matters namely:

(i) any contract or arrangement for the giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associate(s) or obligations incurred or undertaken by him or any of his close associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(v) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors or his close associate(s) and to employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board

(for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.

(vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Directors and shall be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. Any material variation of such remuneration shall be subject to the approval of the independent Members (as defined in the Articles) in general meeting.

The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not greater than one third) will retire from office by rotation provided that no Director holding office as chairman and/or managing director shall be subject to retirement by rotation, or be taken into account in determining the number of Directors to retire. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office or director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the board whereupon the board resolves to accept such resignation;

(bb) becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Articles provide that the Company will maintain at its registered office a register of directors and officers which is not available for inspection by the public.

(b) Alterations to Constitutional Documents

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the memorandum of association of the Company (save for an amendment for purposes of altering the capital as described in (c) below which shall require an ordinary resolution only), to amend the Articles or to change the name of the Company.

(c) Alteration of Capital

The Company may from time to time by ordinary resolution amend its memorandum of association to:

(i) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the Directors may determine; or

(ii) combine its shares, including issued shares, into a smaller number of shares.

(d) Variation of Rights of Existing Shares or Classes of Shares

Subject to the Act, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

(e) Special Resolution-majority Required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than twenty-one (21) clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five (95) per cent. in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one (21) clear days' notice has been given.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting Rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share.

A resolution put to the vote of a meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every Member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of this Article, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its Members; and (ii) relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all Members a reasonable opportunity to express their views.

Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:

(a) by at least three Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

(b) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or

(c) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Where a resolution is voted on by a show of hands, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution. The result of the poll shall be deemed to be the resolution of the meeting. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.

(g) Requirements for Annual General Meetings

An annual general meeting of the Company must be held in each year, other than the year of incorporation (within a period of not more than 15 months after the holding of the last preceding annual general meeting or a period of 18 months from the date of incorporation unless otherwise resolved by the members at a general meeting at such time and place as may be determined by the board.

(h) Accounts and Audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Act and in accordance with the generally accepted accounting principles and practices in Hong Kong or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including the notes thereto and every document required by law to be annexed thereto), prepared in accordance with the generally accepted accounting principles in Hong Kong, which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall be sent to every person entitled thereto within the time prescribed under the Listing Rules (as defined in the Articles); however, subject to compliance with all applicable laws, the Company may instead send to such persons a summary financial statement derived from the Company's annual accounts and the Directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial statement, a complete printed copy of the Company's annual financial statements and the Directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards applicable in Hong Kong and the report of the auditors shall be sent to the members within the time prescribed under the Listing Rules (as defined in the Articles).

There are no provisions relating to preparation of interim financial reports.

(i) Notices of Meetings and Business to be Conducted Thereat

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by at least twenty-one (21) clear days' notice in writing, and any other extraordinary general meeting shall be called by at least fourteen (14) clear days' notice (in each case exclusive of the day on which the notice is served or deemed to be served and of the day for which it is given). The notice must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five (95) per cent in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers; and

(ee) the fixing of the remuneration of the directors and of the auditors.

(j) Transfer of Shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in such other form as the board may approve and which may be under hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the British Virgin Islands or such other place at which the principal register is kept in accordance with the Act.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid share) issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register a transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid share) issued for a promissory note or other binding obligation to contribute money or property or a contribution thereof to the Company on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as The Stock Exchange of Hong Kong Limited may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer is in respect of only one class of share, the instrument of transfer is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do) or, if applicable, the instrument of transfer is duly and properly stamped.

The registration of transfers may be suspended and the register closed on giving notice by advertisement in the appointed newspaper or by other means as set out in the Articles, at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to Purchase its Own Shares

Subject to the Act, the memorandum of association of the Company and the Articles, the Company shall have all the powers conferred upon it by the Act to purchase or otherwise acquire its own shares and such power shall be exercisable by the board in such manner, upon such terms and subject to such conditions as it thinks fit, including but not limited to, the purchase of shares at a price less than fair value.

Shares that the Company purchases, redeems or otherwise acquires pursuant to the Articles may be cancelled or held as treasury shares provided that the number of shares purchased, redeemed or otherwise acquired when aggregated with shares already held as treasury shares may not exceed 50% of the shares of that class previously issued (excluding shares that have been cancelled).

(l) Power for any Subsidiary of the Company to own Shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(m) Dividends and other Methods of Distribution

Subject to the Act the Directors may declare and pay to all members on a pro rata basis in respect of each financial year a dividend or a distribution in such amount as they think fit if they are satisfied on reasonable grounds that immediately after payment the value of the Company's assets exceeds its liabilities and the Company is able to pay its debts as they fall due. For the avoidance of doubt, subject to the aforesaid, the Directors shall make a declaration and pay to all Members on a pro rata basis a dividend upon the receipt by the Company of any dividend or distribution from company(ies) in which it has an equity interest.

Except in so far as the rights attaching to, or the terms of issue of, any Share otherwise provide, all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

Whenever the board has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Forfeiture of Shares

When any Share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share. No forfeiture shall be invalidate by any omission or neglect to give such notice.

The board may accept the surrender of any Share liable to be forfeited and, in such case, references in the Articles to forfeiture will include surrender.

A declaration by a Director or the Secretary that a Share has been forfeited on a specified date shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration shall (subject to the execution of an instrument of transfer by the Company if necessary) constitute a good title to the Share, and the person to whom the share is disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the consideration (if any), nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, sale or disposal of the share. When any share shall have been forfeited, notice of the declaration shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the

date thereof, shall forthwith be made in the register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.

Notwithstanding any such forfeiture as aforesaid, the board may at any time, before any shares so forfeited shall have been sold, re allotted or otherwise disposed of, permit the shares forfeited to be bought back upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon such further terms (if any) as it thinks fit.

(p) Inspection of Share Register

Pursuant to the Articles the register and branch share register shall be open to inspection for at least two (2) hours on every business day by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Act or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for Meetings and Separate Class Meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Reserved Matters

Notwithstanding any provision contained in the Articles, any connected transaction falling within the definition of the Listing Rules as if the Company were a listed issuer which requires the approval of independent shareholders under the Listing Rules shall require the approval by ordinary resolution of the independent Members in general

meeting, the notice convening which shall be accompanied by a circular containing the advice of an independent financial adviser to the independent Members in respect of such transaction.

Notwithstanding any provision contained in the Articles, the following transactions shall require the approval by ordinary resolution of shareholders of the Company in general meeting:

(a) any notifiable transaction falling within the definition of the Listing Rules as if the Company were a listed issuer which requires the approval of shareholders under the Listing Rules; and

(b) any issue of shares of the Company or securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new shares of the Company wholly for cash unless an offer of such shares or securities has first been made to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong); and

(c) the engagement in any business other than those carried out by the Company as at the date of adoption of the Articles. For the avoidance of doubt, as at the date of adoption of the Articles, the business carried out by the Company is the holding of its equity interest in TerraWest Energy Corp. through its shareholding interests in Aces Diamond International Ltd. and Chavis International Ltd..

(s) Procedures on Liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed pari passu amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Act divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of properties to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable Members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has given notice to, and caused advertisement in the appointed newspaper to be made of its intention to sell such shares and a period of three (3) months, has elapsed since such advertisement. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

2. BRITISH VIRGIN ISLANDS COMPANY LAW

The Company is incorporated in the British Virgin Islands subject to the BVI Companies Act and, therefore, operates subject to British Virgin Islands law. Set out below is a summary of certain provisions of British Virgin Islands company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of British Virgin Islands company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Share Capital

Under the BVI Companies Act there is no concept of authorised capital. Companies incorporated under the BVI Companies Act may be authorised to issue a specific number of shares or the company's memorandum of association may provide that the company is authorised to issue an unlimited number of shares. The BVI Companies Act also provides that, subject to the company's memorandum and articles of association, shares may be issued with or without a par value and in any currency. The BVI Companies Act also permits the company to issue fractional shares.

Shares issued by the company will be the personal property of the shareholders and confer on the holder of a share:

(i) the right to one vote at a meeting of the members of the company or on any resolution of the members of the company;

(ii) the right to an equal share in any dividend paid in accordance with the BVI Companies Act; and

(iii) the right to an equal share in the distribution of the surplus assets of the company.

Subject to any limitations or provisions to the contrary in the company's memorandum or articles of association, unissued shares and treasury shares of the company are at the disposal of the directors who may, without limiting or affecting any rights previously conferred on the holders of any existing shares or class or series of shares, offer, allot or otherwise dispose of shares to such persons, at such times and upon such terms as the company may by resolution of directors determine.

Similarly, subject to the company's memorandum and articles of association, options to acquire shares in the company may be granted at any time, to any person and for such consideration as the directors may determine.

Subject to the company's memorandum and articles of association, a company may issue shares which are partly paid or nil-paid. Shares may also be issued for consideration in any form, including money, a promissory note, real property, personal property (including goodwill and know-how), services rendered or the provision of future services.

Subject to the company's memorandum and articles of association, a company may issue shares with or without voting rights or with different voting rights; common, preferred, limited or redeemable shares; options, warrants or similar rights to acquire any securities of the company; and securities convertible into or exchangeable for other securities or property of a company.

Subject to its memorandum and articles of association, a company may issue more than one class of shares. A statement of the classes of shares that the company is authorised to issue and, if the company is authorised to issue two or more classes of shares, the rights, privileges, restrictions and conditions attaching to each class of shares must be included in the company's memorandum of association of association. Subject to its memorandum and articles, a company may issue a class of shares in one or more series.

(b) Financial assistance to purchase shares of a company or its holding company

Subject to the BVI Companies Act, any other enactment and the company's memorandum and articles of association, a company has, ***irrespective of corporate benefit*** full capacity to carry on or undertake any business or activity, do any act or enter into any transaction including, among other things, the giving of financial assistance to any person in connection with the acquisition of its own shares.

(c) Purchase of shares and warrants by a company and its subsidiaries

A company may purchase, redeem or otherwise acquire its own shares in accordance with either the procedures set out in Sections 60, 61 and 62 of the BVI Companies Act or such other provisions for the purchase, redemption or acquisition of its own shares as may be specified in its memorandum and articles. Sections 60, 61 and 62 do not apply to a company to the extent that they are negated, modified or inconsistent with provisions for the purchase, redemption or acquisition of its own shares specified in the company's memorandum and articles. The Articles expressly provide that such provisions shall not apply to the Company.

Subject to its memorandum or articles of association, a company may purchase, redeem or otherwise acquire its own shares. The acquired shares may be cancelled or held as treasury shares. However, no such acquisition will be permitted unless the directors determine that immediately after the acquisition (i) the value of the company's assets will exceed its liabilities and (ii) the company will be able to pay its debts as they fall due. A determination by the directors is, however, not required:

(a) where shares are purchased, redeemed or otherwise acquired pursuant to a right of a member to have his shares redeemed or to have his shares exchanged for money or other property of the company;

(b) by virtue of the provisions of the BVI Companies Act in relation to the rights of dissenters under a redemption of minority shareholders, merger, consolidation, a disposition of assets, a compulsory redemption or an arrangement; or

(c) pursuant to an order of the BVI court.

A company may hold shares that have been purchased, redeemed or otherwise acquired as treasury shares if (a) the memorandum or articles of the company do not prohibit it from holding treasury shares; (b) the directors resolve that shares to be purchased, redeemed or otherwise acquired shall be held as treasury shares; and (c) the number of shares purchased, redeemed or otherwise acquired, when aggregated with shares of the same class already held by the company as treasury shares, does not exceed 50% of the shares of that class previously issued by the company, excluding shares that have been cancelled.

All the rights and obligations attaching to a treasury share are suspended and shall not be exercised by or against the company while it holds the share as a treasury share. Treasury shares may be transferred by the company and the provisions of the BVI Companies Act, the memorandum and articles that apply to the issue of shares apply to the transfer of treasury shares.

Under BVI law, a subsidiary may hold shares in its holding company.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under BVI law that a company's memorandum or articles contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association.

(d) Protection of Minorities

The BVI Companies Act contains various mechanism to protect minority shareholders, including:

(i) **Restraining or Compliance Orders:** if a company or a director of a company engages in, proposes to engage in or has engaged in, conduct that contravenes the BVI Companies Act or the company's memorandum and articles of association, the court may, on the application of a member or a director of the company, make an order directing the company or its director to comply with, or restraining the company or director from engaging in conduct that contravenes, the BVI Companies Act or the company's memorandum and articles of association;

(ii) **Derivative Actions:** the court may, on the application of a member of a company, grant leave to that member to:

(aa) bring proceedings in the name and on behalf of that company; or

(bb) intervene in proceedings to which the company is a party for the purpose of continuing, defending or discontinuing the proceedings on behalf of the company; and

(iii) **Unfair Prejudice Remedies:** a member of a company who considers that the affairs of the company have been, are being or are likely to be, conducted in a manner that is, or any acts of the company have been, or are, likely to be oppressive, unfairly discriminatory, or unfairly prejudicial to him, may apply to the court for an order and, if the court considers that it is just and equitable to do so, it may make such order as it thinks fit, including, without limitation, one or more of the following orders:

(aa) in the case of a shareholder, requiring the company or any other person to acquire the shareholder's shares;

(bb) requiring the company or any other person to pay compensation to the member;

(cc) regulating the future conduct of the company's affairs;

(dd) amending the memorandum or articles of association of the company;

(ee) appointing a receiver of the company;

(ff) appointing a liquidator of the company under section 159(1) of the Insolvency Act;

(gg) directing the rectification of the records of the company; and

(hh) setting aside any decision made or action taken by the company or its directors in breach of the BVI Companies Act or the company's memorandum and articles of association.

(iv) **Representative Actions:** a member is able to bring an action against the company for a breach of a duty owed by the company to member in his capacity as a member. Where a member brings such an action and other members have the same (or substantially the same) action against the company, the court may appoint the first member to represent all or some of the members having the same interest and may make an order:

(aa) as to the control and conduct of the proceedings;

(bb) as to the costs of the proceedings; and

(cc) directing the distribution of any amount ordered to be paid by a defendant in the proceedings among the members represented.

The BVI Companies Act provides that any member of a company is entitled to payment of the fair value of his shares upon dissenting from any of the following:

(i) a merger;

(ii) a consolidation;

(iii) any sale, transfer, lease, exchange or other disposition of more than 50% of the assets or business of the company if not made in the usual or regular course of the business carried on by the company but not including:

(aa) a disposition pursuant to an order of the court having jurisdiction in the matter;

(bb) a disposition for money on terms requiring all or substantially all net proceeds to be distributed to the members in accordance with their respective interests within one (1) year after the date of disposition; or

(cc) a transfer pursuant to the power of the directors to transfer assets for the protection thereof;

(iv) a redemption of 10% or less of the issued shares of the company required by the holders of 90% or more of the shares of the company pursuant to the terms of the BVI Companies Act; and

(v) an arrangement, if permitted by the court.

Generally any other claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the BVI or their individual rights as shareholders as established by the company's memorandum and articles of association.

(e) Dividends and distributions

A company may declare and make a distribution (which term includes a dividend), provided that the directors are satisfied that immediately after the payment of the dividend, (i) the value of the company's assets will exceed its liabilities and (ii) the company will be able to pay its debts as they fall due.

A distribution may be a direct or indirect transfer of an asset (other than the company's own shares) or the incurring of a debt for the benefit of a member.

(f) Management

Subject to its memorandum and articles of association, the business and affairs of a company shall be managed by, or under the direction or supervision of, the directors of the company and the directors shall have all the powers necessary for managing, and for directing and supervising, the business and affairs of the company. The number of directors of a company may be fixed by, or in the manner provided in, the articles of association of a company.

The BVI Companies Act provides that, subject to any limitations or provisions to the contrary in its memorandum and articles of association, any sale, transfer, lease, exchange or other disposition, other than a mortgage, charge or other encumbrance of the enforcement thereof, of more than 50% of the assets of a company, if not made in the usual or regular course of business carried on by the company, must be approved by a resolution of members. The Articles expressly provide that notwithstanding the foregoing requirement of the BVI Companies Act, the directors may dispose assets of the Company without the disposition being authorised by the members at a general meeting.

The BVI Companies Act contains no other specific restrictions on the power of directors to dispose of assets of a company.

The BVI Companies Act contains a statutory code of directors' duties. Each director of a company, in performing his functions, must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(g) Amendment of Constitutional Document

The members of a company may, by resolution, amend the memorandum or articles of association of the company. The memorandum of a company may include a provision:

(i) that specified provisions of the memorandum or articles of association may not be amended;

(ii) that a resolution passed by a specified majority of members, greater than 50%, is required to amend the memorandum or articles of association or specified provisions of the memorandum or articles of association; and

(iii) that the memorandum or articles of association, or specified provisions of the memorandum or articles of association, may be amended only if certain specified conditions are met.

The memorandum of association of a company may authorise the directors, by resolution, to amend the memorandum or articles of association of the company.

Where a resolution is passed to amend the memorandum or articles of association of a company, the company must file for registration:

(i) a notice of amendment in the approved form; or

(ii) a restated memorandum or articles incorporating the amendment made.

An amendment to the memorandum or articles of association has effect from the date that the notice of amendment, or restated memorandum or articles of association incorporating the amendment, is registered by the BVI Registrar of Corporate Affairs or from such other date as may be ordered by the court.

(h) Accounting requirements

A company must keep such accounts and records as are sufficient to show and explain the company's transactions and which will, at any time, enable the financial position of the company to be determined with reasonable accuracy. There is generally no obligation to have financial statement audited, unless the company is operating as a certain type of fund regulated by the Mutual Funds Act, 1996.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the BVI.

(j) Loans to and transactions with directors

There is no express provision in the BVI Companies Act prohibiting the making of loans by a company to any of its directors.

A director of a company shall, immediately after becoming aware of the fact that he is interested in a transaction entered into or to be entered into by the company, disclose the interest to the board of the company. If a director fails to make such a disclosure, he is liable, upon summary conviction, to a fine of US$10,000.

A director of a company is not required to disclose an interest if:

(i) the transaction or proposed transaction is between the director and the company; and

(ii) the transaction or proposed transaction is or is to be entered into in the ordinary course of the company's business and on usual terms and conditions.

A disclosure to the board to the effect that a director is a member, director, officer or trustee of another named company or other person and is to be regarded as interested in any transaction which may, after the date of the entry or disclosure, be entered into with that company or person, is a sufficient disclosure of interest in relation to that transaction. It should be noted, however, that a disclosure is not made to the board unless it is made or brought to the attention of every director on the board.

(k) Taxation in the BVI

A company incorporated under the BVI Companies Act is exempt from all provisions of the Income Tax Act (as amended) of the BVI (including with respect to all dividends, interests, rents, royalties, compensation and other amounts payable by the company to persons who are not persons resident in the BVI).

Capital gains realised with respect to any shares, debt obligations or other securities of a company by persons who are not persons resident in the BVI are also exempt from all provisions of the Income Tax Act of the BVI.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the BVI with respect to any shares, debt obligations or other securities of the company, save for interest payable to or for the benefit of an individual resident in the European Union.

(l) Stamp duty on transfer

No stamp duty is payable in the BVI on a transfer of shares in a BVI company.

(m) Inspection of corporate records

Members of the general public, on a payment of a nominal fee, can inspect the public records of a company available at the office of the BVI Registrar of Corporate Affairs which will include, *inter alia,* the company's certificate of incorporation, its memorandum and articles of association (with any amendments) and the records of licence fees paid to date.

A director may, on giving reasonable notice, inspect (and make copies of) the documents and records of a company without charge and at a reasonable time specified by the director.

A member of a company may, on giving written notice to a company, inspect the company's memorandum and articles of association, the register of members, the register of directors and the minutes of meetings and resolutions of members and of those classes of members of which he is a member.

Subject to any provision to the contrary in the company's memorandum and articles of association, the directors may, if they are satisfied that it would be contrary to the company's interests to allow a member to inspect any document, or part of a document, refuse to permit the member to inspect the document or limit the inspection of the document, including limiting the making of copies or the taking of extracts from the records. The directors shall, as soon as reasonably practicable, notify a member of any exercise of such powers. Where a company fails or refuses to permit a member to inspect a document or permits a member to inspect a document subject to limitations, that member may apply to the BVI court for an order that he should be permitted to inspect the document or to inspect the document without limitation.

A company shall keep minutes of all meetings of directors, members, committees of directors and committees of members and copies of all resolutions consented to by directors, members, committees of directors and committees of members. The books, records and minutes required by the BVI Companies Act shall be kept at the office of the BVI registered agent of the company or at such other place as the directors determine.

A company is required to keep a register of members containing, *inter alia*, the names and addresses of the persons who hold registered shares in the company, the number of each class and series of registered shares held by each shareholder, the date on which the name of each member was entered in the register of members and the date on which any person ceased to be a member. The register of members may be in any form as the directors may approve but, if it is in magnetic, electronic or other data storage form, the company must be able to produce legible evidence of its contents and a copy of the share register commencing from the date of registration of the company shall be kept at the registered office of the company. The entry of the name of a person in the register of members as a holder of a share in a company is prima facie evidence that legal title in the shares vests in that person. Where a company keeps a copy of the register of members at its registered office, it shall within 15 days of any change in the register, notify the BVI registered agent of the company, in writing, of the change, and provide the BVI registered agent of the company with a written record of the physical address of the place or places at which the original register of members is kept.

A company is required to keep a register to be known as a register of directors containing, *inter alia*, the names and addresses of the persons who are directors and the date on which each person whose name is entered on the register was appointed and ceased to be a director. The register of directors may be in such form as the directors

approve, but if it is in magnetic, electronic or other data storage form, the company must be able to produce legible evidence of its contents. A copy of the register of directors must be kept at the registered office and the register is *prima facie* evidence of any matters directed or authorised by the BVI Companies Act to be contained therein.

(n) Winding up

The court has authority under the Insolvency Act 2003 of the BVI to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

A company may enter into voluntary liquidation under the BVI Companies Act if it has no liabilities or is able to pay its debts as they fall due and the value of its assets equals or exceeds its liabilities. Where it is proposed to appoint a voluntary liquidator, the directors of the company must:

(i) make a declaration of solvency in the approved form stating that, in their opinion, the company is and will continue to be able to discharge, pay or provide for its debts as they fall due; and the value of the company's assets equals or exceeds its liabilities; and

(ii) approve a liquidation plan specifying:

(aa) the reasons for the liquidation of the company;

(bb) their estimate of the time required to liquidate the company;

(cc) whether the liquidator is authorised to carry on the business of the company if he determines that to do so would be necessary or in the best interests of the creditors or members of the company;

(dd) the name and address of each individual to be appointed as liquidator and the remuneration proposed to be paid to each liquidator; and

(ee) whether the liquidator is required to send to all members a statement of account prepared or caused to be prepared by the liquidator in respect of his actions or transactions.

Subject to certain exceptions in the BVI Companies Act, a declaration of solvency is insufficient for the purposes of voluntary liquidation unless:

(aa) it is made on a date no more than four weeks earlier than the date of the resolution to appoint a voluntary liquidator; and

(bb) it has attached to it a statement of the company's assets and liabilities as at the latest practical date before the making of the declaration.

To be effective, a liquidation plan must be approved by the directors no more than six weeks prior to the date of the resolution to appoint a voluntary liquidator.

A director making a declaration of solvency without having reasonable grounds for the opinion that the company is and will continue to be able to discharge, pay or provide for its debts in full as they fall due, commits an offence and is liable on summary conviction to a fine of $10,000.

Subject to the provisions of the BVI Companies Act, a voluntary liquidator or two or more joint voluntary liquidators may be appointed in respect of a company:

(i) by a resolution of the directors; or

(ii) by a resolution of the members.

(o) Reconstructions

There are statutory provisions which facilitate arrangements which involve a plan of arrangement being approved by a resolution of directors of the company and application being made to the court for approval of the proposed arrangement. Upon approval by the court, the directors of the company are required to approve the plan of arrangement as approved by the court whether or not the court has directed any amendments to be made thereto and give notice to the persons whom the court requires notice to be given or submit the plan of arrangement to those person for such approval, if any, as the court order required.

(p) Compulsory acquisition

Subject to any limitations in the memorandum or articles of association of a company, members holding 90%. of the votes of the outstanding shares entitled to vote may give a written instruction to a company directing the company to redeem the shares held by the remaining members. Upon receipt of the written instruction, the company is required to redeem the shares and give written notice to each member whose shares are to be redeemed stating the redemption price and the manner in which the redemption is to be effected.

(q) Indemnification

BVI law does not limit the extent to which a company's articles of association may provide for indemnification of directors, officers and any other person, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime.) provided that the indemnified person acted honestly and in good faith and in what he believed to be in the best interests of the company and, in the case of criminal proceedings, the person had no reasonable cause to believe that his conduct was unlawful.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement in this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the Latest Practicable Date, the interests and short positions of each Director in the Shares or underlying shares (within the meaning of Part XV of the SFO) of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions of Directors in Shares and underlying shares of the Company

Name	Capacity	Nature of interests	Number of shares held	Number of underlying shares held	Total	Approximate % of shareholding
Chan Wing Him Kenny	Interest of a controlled corporation	Corporate interest	2,170,463,623 *(Note 1)*	589,070,172	2,759,533,795	
	Beneficial owner	Personal interest	37,021,800	44,296,252 *(Note 2)*	81,318,052	
			2,207,485,423	633,366,424	2,840,851,847	54.21%
Arthur Ross Gorrell	Beneficial owner	Personal interest	2,625,000	7,094,594 *(Note 2)*	9,719,594	0.19%
David Tsoi	Beneficial owner	Personal interest	—	2,128,379 *(Note 2)*	2,128,379	0.04%
Lo Chi Kit	Beneficial owner	Personal interest	—	1,560,811 *(Note 2)*	1,560,811	0.03%
Tam Hang Chuen	Beneficial owner	Personal interest	1,500,000	1,151,352 *(Note 2)*	2,651,352	0.05%

Notes:

1. These shares are held by Colpo. The entire issued share capital of Colpo is beneficially owned by Mr. Chan Wing Him Kenny, the Chairman and CEO of the Company and an executive Director, who is therefore deemed to be interested in 2,170,463,623 shares held by Colpo.

2. Total number of shares to be allotted and issued upon exercise in full of share options granted under the 2003 Share Option Scheme (hereinabove defined), the 2011 Share Option Scheme (hereinabove defined) and warrants granted upon the completion of an open offer by the Company on 18 November 2014.

In addition to the above, Mr. Chan Wing Him Kenny has non-beneficial personal equity interests in certain subsidiaries of the Company held solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest and short positions in the shares, underlying shares (within the meaning of Part XV of the SFO) and debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, so far as is known to the Directors, the following persons, other than a director or chief executive of the Company, had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long positions in the Shares

Name	Long/Short positions	Capacity	Number of shares or underlying shares held	Approximate % of shareholding
Colpo	Long positions	Beneficial owner	2,840,851,847 *(Note 1)*	54.21%
Cool Legend Limited ("**Cool Legend**")	Long positions	Beneficial owner	452,400,000 *(Note 2)*	8.63%

Notes:

1. The entire issued share capital of Colpo is solely and beneficially owned by Mr. Chan Wing Him Kenny, the Chairman and CEO of the Company and an executive Director, who is therefore deemed to be interested in 2,170,463,623 shares held by Colpo. Mr. Chan Wing Him Kenny's indirect interests in 2,170,463,623 shares held through Colpo have also been set out in the above section headed "Directors' and chief executives' interests or short positions in shares and underlying shares of the Company". Mr. Chan Wing Him Kenny is the sole director of Colpo.

2. The entire issued share capital of Cool Legend is solely and beneficially owned by Mr. Thio Sing Tjay Charles, a director of Hugo Link, a subsidiary of the Company, who is therefore deemed to be interested in 452,400,000 shares held by Cool Legend.

Save as disclosed above, so far as is known to the Directors, there is no other person who had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, had a direct or indirect interests amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

4. DIRECTORS' SERVICES CONTRACTS

None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

5. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

There was no contract or arrangement in which any of the Directors is materially interested and which is significant in relation to the business of the Group subsisted as at the Latest Practicable Date.

As at the Latest Practicable Date, none of the Directors has, or has had, any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2013, the date to which the latest published audited consolidated financial statements of the Group were made up.

6. COMPETING INTERESTS

Mr. Chan, an executive Director, is a director of Petromin whilst Dr. Arthur Ross Gorrell, an executive Director, is a director, chairman, president and chief executive officer of Petromin Resources Limited ("**Petromin**"). As at the Latest Practicable Date, Mr. Chan held 1,500,000 stock options entitling him to subscribe for 1,500,000 common shares (representing approximately 2.11% of the issued common share capital) in Petromin. Dr. Arthur Ross Gorrell held 4,068,193 common shares (representing approximately 5.72% of the issued common share capital) and 1,500,000 stock options entitling him to subscribe for 1,500,000 common shares (representing approximately 2.11% of the issued common share capital) in Petromin.

Petromin is engaged in the business of acquisition and development of oil and gas properties. As of the Latest Practicable Date, Petromin had oil and gas properties in the province of Alberta, Canada. Taking into account (i) the operation of Petromin's business in Canada which is geographically different from the Company's current project operation in China; (ii) the Company and Petromin have different target customers; and (iii) Mr. Chan and Colpo, being the Company's controlling shareholders ("**Controlling Shareholders**"), had entered into a deed of non-competition undertakings dated 7 December 2010 in favour of the Company ("**Deed**"), the Board considers that the business of Petromin does not and will not have any direct competition with the Group's business. The term of the Deed commenced from 17 December 2010 and shall end on the occurrence of the earliest of (i) the day on which the shares of the Company ceased to be listed on the Main Board of the Stock Exchange or any stock exchange (except the delisting from the Growth Enterprise Market ("**GEM**") pursuant to the transfer of listing of the Company's shares from GEM to the Main Board of the Stock Exchange); (ii) the day on which the Controlling Shareholders cease to be interested in at least 30% of the entire issued share capital of the Company; or (iii) the day on which the Controlling Shareholders beneficially own or are interested in the entire issued share capital of the Company.

The independent non-executive Directors had reviewed the compliance with the provisions of the Deed by the Controlling Shareholders and confirmed that there was no matter to be disclosed under the requirements of the Deed, save and except the following that:

(a) the Company has received a Notification of New Business Opportunity dated 5 December 2013 from Mr. Chan Wing Him Kenny to the Company ("**Notification**") that he had been offered a new business opportunity to engage in a Restricted Business (as defined in the Deed) by way of acquisition of certain interests in an Indonesian company ("**New Business Opportunity**");

(b) pursuant to the requirement under Clause 2.7(a) of the Deed, the independent non-executive Directors held a meeting on 6 December 2013 to consider and discuss the New Business Opportunity offered to Mr. Chan and the information provided in relation thereto set out therein. The meeting was attended by all the independent non-executive Directors. Notwithstanding the provision of Clause 2.7(a) of the Deed, Mr. Chan Wing Him Kenny and Dr. Arthur Ross Gorrell had been invited by the independent non-executive Directors to attend the meeting. However, pursuant to the said Clause 2.7(a), they, as executive Directors, had not been counted towards the quorum or allowed to vote on the meeting; and

(c) the independent non-executive Directors had discussed in details the Deed, the Notification and information relating to the New Business Opportunity. The independent non-executive Directors had also taken into consideration the then financial and business status of the Company and its subsidiaries, and in particular: (i) the major unconventional gas project in Xinjiang, China was still in evaluation phase and yet to generate any revenue for the Company, and was still expected to incur substantial capital in the upcoming period once it resolves the issues with its Chinese partner; (ii) although the Company had moved into the marble business, this business segment had yet to demonstrate a strong sustainable cash flow; and (iii) the

then cash on hand at the Company would mainly be used as working capital for the next 12 to 18 months. In addition, the New Business Opportunity would be focused on the upstream resources businesses which again had yet to demonstrate sustainable cash flow and requires certain capital expenditure. Therefore, the independent non-executive Directors had unanimously resolved to reject the New Business Opportunity. The independent non-executive Directors issued a Reply to Notification dated 13 December 2013 in respect of the Company's decision and the requirement under Clause 2.10 of the Deed that the Company would disclose, among others, such decision and other decisions reviewed by the independent non-executive Directors relating to the compliance and enforcement of the non-competition undertakings under the Deed in the annual report of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the controlling shareholders or any of their respective associates had an interest in a business which competes or may compete, either directly or indirectly, with the business of the Group or have or may have any other conflicts or interests with the Group.

7. LITIGATION

As previously disclosed, 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 ("**Dispute**") with CNPC in relation to the a coal bed methane production sharing contract in the Junggar Basin of Xinjiang, China ("**PSC**"). TWE has taken advice from its retained special international arbitration counsel ("**Counsel**") and a notice was issued to CNPC on 3 July 2014 to terminate the PSC. In reaching the decision on the Termination, TWE has taken into account CNPC's breaches of the PSC, including the breakdown in the relationship between TWE and CNPC, the reduction in the CBM exploration area as previously reported and the scale of ongoing coal mining activities, and the fact that the project is no longer operationally viable. Immediately on 4 July 2014, Counsel formally served a notice of arbitration on PetroChina Company Limited and CNPC relating to the Dispute. By this notice of arbitration, TWE seeks an award of damages as compensation for the losses caused by CNPC's breaches of the PSC, together with declaratory relief, costs and interest.

Save as disclosed above, as at the Latest Practicable Date, the Group was not engaged in any litigation, claim or arbitration of material importance, and so far as the Directors are aware, no litigation, claim or arbitration of material importance is pending or threatened by or against the Group.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	Qualification
Opus Capital Limited	a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Conyers Dill & Pearman	BVI legal advisers to Privateco
PricewaterhouseCoopers	Certified Public Accountants

Each of Opus Capital Limited, Conyers Dill & Pearman and PricewaterhouseCoopers has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or report and the reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, each of Opus Capital Limited, Conyers Dill & Pearman and PricewaterhouseCoopers did not have any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of Opus Capital Limited, Conyers Dill & Pearman and PricewaterhouseCoopers did not have any direct or indirect interest in any assets which have been, since 31 December 2013 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) were entered into by members of the Group within the two years preceding the date of this Circular which are or may be material:

(1) On 6 May 2013, the Company entered into an investment agreement with Cedrus Investments Limited as subscriber regarding the subscription of 77,500,000 new Shares at the subscription price of HK$0.15 per Share;

(2) On 11 March 2013, the Company entered into a sales and purchase agreement with Mr. Wang Bing Wu to dispose of Allied Resources Limited for a consideration of RMB50 million (equivalent to approximately HK$60 million); and

(3) The underwriting agreement dated 1 September 2014 entered into between the Company and Colpo as the underwriter in relation to the underwriting arrangement in respect of the open offer of the Company on the basis of one offer share for every two Shares held.

10. GENERAL

The registered office of Colpo is Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, the British Virgin Islands.

The Company Secretary of the Company is Mr. HO Kam Fung. He is a qualified accountant and a member of CPA Australia.

In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on any business day from the date of this circular up to the holding of the EGM during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays and public holidays) at the principal office of the Company at Unit 806, Level 8, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong, and will also be available on the websites of the Company at http://www.enviro-energy.com.hk:

(a) the memorandum and articles of association of the Company;

(b) the memorandum of association and proposed new articles of association of Privateco;

(c) the annual reports of the Company for the two years ended 31 December 2012 and 31 December 2013;

(d) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(e) the letter from the Independent Board Committee;

(f) the letter from the Independent Financial Adviser;

(g) the letter of advice from Conyers Dill & Pearman summarizing certain aspects of BVI company law to the Privateco;

(h) the report from PricewaterhouseCoopers in respect of the unaudited pro forma financial information on the Group, the text of which is set out in Appendix III of this circular;

(i) the written consents referred to in the paragraph headed "Experts and consents" in this appendix; and

(j) the circular and prospectus issued by the Company since 31 December 2013, the date to which the latest published accounts of the Group were made up.

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)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting ("**EGM**") of Enviro Energy International Holdings Limited ("**Company**") will be held at Unit 806, Level 8, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong on Wednesday, 28 January 2015 at 10:00 a.m. for the purposes of considering and, if thought fit, passing, with or without modification, the following as ordinary resolution of the Company. Unless otherwise indicated, capitalised terms used in this notice and the following resolution shall have the same meanings as those defined in the circular of the Company dated 12 January 2015 ("**Circular**") of which the notice convening the EGM forms part.

ORDINARY RESOLUTION

"**RESOLVED THAT**, pursuant to the recommendation of the Directors, (i) a dividend be and is hereby declared in the amount of HK$611.3 million for distribution to the members of the Company on 5 February 2015 (the "**Record Date**"), (ii) the Directors be and are hereby authorised and instructed to apply an amount of HK$611.3 million standing to the credit of the share premium account of the Company to pay the foregoing dividend to the members, (iii) such dividend be paid in specie by the transfer to the members of 1 share in the issued share capital of Privateco (as defined in the Circular dated 12 January 2015 to which this notice forms part) for each ordinary share of HK$0.0025 each in the share capital of the Company registered in such member's name on the Record Date, and (iv) any director of the Company be, and each of them hereby is, authorised and directed to execute and deliver such documents and take such additional actions, in the name of and on behalf of the Company as he or she may deem necessary or appropriate in connection with and in the best interests of the Company to carry out the purpose of this resolution and all matters in furtherance thereof, and do all such other acts and things as such Director deems necessary, appropriate or advisable."

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

Hong Kong, 12 January 2015

Notes:

(a) Any member of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote instead of him/her/it. A proxy need not be a member of the Company. A member who is the holder of two or more Shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed.

(b) In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM and, in such event, the form of proxy shall be deemed to be revoked.

(c) The register of members of the Company will be closed from Monday, 26 January 2015 to Wednesday, 28 January 2015, both days inclusive, during which period no transfer of Shares of the Company will be registered. In order to be eligible for attending and voting at EGM of the Company to be held on Wednesday, 28 January 2015, unregistered holders of Shares of the Company should ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 23 January 2015.

(d) Whether or not you propose to attend the EGM in person, you are strongly urged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude you from attending the EGM and voting in person if you so wish. In the event that you attend the EGM after having lodged the form of proxy, it will be deemed to have been revoked.

(e) In compliance with the Listing Rules, all resolutions to be proposed at the EGM convened by this notice will be voted on by way of poll.

As at the date of this notice, 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