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**China Environmental Energy Investment Limited**

**中國環保能源投資有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 986)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO  
THE ACQUISITION OF 10% ISSUED SHARE CAPITAL OF  
PURE POWER HOLDINGS LIMITED  
AND  
RESUMPTION OF TRADING**

**THE ACQUISITION**

On 20 January 2014 (after trading hours), the Company, entered into the Sale and Purchase Agreement with the Vendor (as sellers) regarding the Acquisition. Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to acquire for and the Vendor has conditionally agreed to dispose of the Sales Shares at the Consideration of HK\$125,000,000, which shall be settled as to HK\$123,200,000 by way of delivery of the Promissory Notes due 12 months from its issue and carrying interest of 8% per annum and as to HK\$1,800,000 by way of delivery of the Convertible Bonds, which shall be converted into Conversion Shares at the initial Conversion Price of HK\$3.84.

Assuming full conversion of all the Convertible Bonds at the initial Conversion Price, a maximum of 468,750 Conversion Shares will be issued, representing (i) approximately 0.051% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 0.050% of the issued share capital of the Company as enlarged by the issuance of the Conversion Shares upon full exercise of the conversion right attaching to the Convertible Bonds at the initial Conversion Price.

The Sale Shares represent approximately 10% of the issued share capital of the Target Company which holds the entire issued share capital of the Project Company, hence the Acquisition in turn gives the Company the ownership and control of approximately 10% effective interest in the Oil & Gas Leases held by the Project Company.

### **IMPLICATION UNDER THE LISTING RULES**

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is only subject to the reporting and announcement requirements of the Listing Rules.

### **RESUMPTION OF TRADING**

By the request of the Company, trading in the Shares on the Stock Exchange had been suspended with effect from 9:00 am on 15 January 2014 pending the release of an announcement in relation to an issue of warrants of the Company, which was published on 21 January 2014, and this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:00 am on 27 January 2014.

### **THE SALE AND PURCHASE AGREEMENT**

On 20 January 2014 (after trading hours), the Company, entered into the Sale and Purchase Agreement with the Vendor (as sellers) regarding the Acquisition. Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares at the Consideration of HK\$125,000,000.

Set out below are the principal terms of the Sale and Purchase Agreement:

**Date:**

20 January 2014

**Parties:**

***Purchaser***

the Company

***Vendor***

Fortune Glow Limited

The Vendor is an investment holding company incorporated in the BVI with limited liability and owns as to approximately 28.24% of the Target Company. As at the date of the Sale and Purchase Agreement, the Vendor is legally and beneficially owned by an individual shareholder who is an Independent Third Party.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner and associates are (i) Independent Third Parties; and (ii) not a party acting in concert (as defined under the Takeovers Code) with any substantial Shareholders.

In addition, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, (i) the Vendor and its ultimate beneficial owner and associates did not hold any Shares or other convertible securities in the Company as at the date of the Sale and Purchase Agreement; and (ii) there are no previous transactions or business relationship between the Company and the Vendor and its ultimate beneficial owner and associates which would result in aggregation under Rule 14.22 of the Listing Rules.

**Assets to be acquired:**

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares at the Consideration. The Sale Shares represent approximately 10% of the issued share capital of the Target Company which holds the entire issued share capital of the Project Company, hence the Acquisition in turn gives the Company the ownership and control of approximately 10% effective interest in the Oil & Gas Leases held by the Project Company.

As confirmed by the Vendor, the principal assets of the Project Company are the Oil & Gas Rights under the Oil & Gas Leases. Detailed information of the Target Group is included under the section headed “Information on the Target Group” below.

**The Consideration:**

Pursuant to the Sale and Purchase Agreement, the Consideration of HK\$125,000,000 shall be settled in the following manner:–

- (a) as to HK\$123,200,000 by way of delivery of the Promissory Notes by the Company to the Vendor (or its nominee(s)) on the Completion Date; and
- (b) as to HK\$1,800,000 by way of delivery of the Convertible Bonds by the Company to the Vendor (or its nominee(s)) within 10 Business Days after the Completion Date at the initial Conversion Price of HK\$3.84 per Conversion Share.

***Basis of the Consideration***

The Consideration was determined among the Purchaser and the Vendor after arm’s length negotiations and on normal commercial terms, taking into account (i) the preliminary valuation of the pre-tax net present value under the Oil & Gas Leases of approximately US\$2,922 million (equivalent to approximately HK\$22,791.6 million) based on the oil reserves figures from the draft Competent Person’s Report; and (ii) the latest market statistics and prospects of the oil industry.

Having considered that (i) the Acquisition will provide an opportunity for the Group to gain access to the oil industry; (ii) the latest market statistics and prospects of the oil industry; (iii) the Consideration represents a substantial discount to the preliminary valuation of the pre-tax net present value under the Oil & Gas Leases; and (iv) the Consideration will be satisfied by the issuance of the Promissory Notes and the Convertible Bonds, the Board considers that the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### **Conditions precedent**

Completion of the Sale and Purchase Agreement is conditional upon the following conditions being fulfilled or waived:

- (a) the passing of the necessary resolution(s) by the shareholders and directors of the Vendor and the Target Company regarding the Sale and Purchase Agreement and the transactions contemplated in or incidental thereto (including but not limited to the Acquisition);
- (b) (if required) the passing of the necessary resolution(s) by the Shareholders (other than those who are required to abstain from voting under the Listing Rules and the applicable laws, rules and regulations) in general meeting of the Company to approve, inter alia, in accordance with the requirements of the Listing Rules and the applicable laws and regulations the Sale and Purchase Agreement and the transactions contemplated therein or incidental to the Sale and Purchase Agreement and the implementation thereof, including, but not limited to, the Acquisition, the issuance of the Promissory Notes and the Convertible Bond(s) and the issuance and allotment of the Conversion Shares in accordance with the terms hereof and thereof;
- (c) the Listing Committee granting the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange;
- (d) no indication being received on or before the Completion from the Stock Exchange to the effect that the listing of the Shares may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Completion or in connection with the terms of the Sale and Purchase Agreement or transactions contemplated under the Sale and Purchase Agreement or for any reason;

- (e) the compliance of any other requirements under the Listing Rules or otherwise of the Stock Exchange or other regulatory authorities or any applicable laws and regulations which requires compliance by the Company or the Target Company at any time prior to Completion in relation to the transactions contemplated under the Sale and Purchase Agreement and the uninterrupted continuation of the current rights and business of the Target Company after Completion;
- (f) the Purchaser being satisfied with the results of the due diligence review;
- (g) all third party consents and waivers required to be obtained by the Company or the Target Company having been obtained in connection with the transactions contemplated under the Sale and Purchase Agreement;
- (h) each of the Target Company and Project Company having obtained all necessary operation permits or licences, including but not limited to, drilling permits and other relevant environmental protection related documents, approval, certificates, licences, permits, land use rights certificates and having these permits, licences and certificates renewed for effectiveness upon expiry (if required), in all relevant jurisdictions;
- (i) the Vendor's warranties pursuant to the Sale and Purchase Agreement remaining true and accurate, and not misleading, in all material respects as at Completion;
- (j) the Company's warranties pursuant to the Sale and Purchase Agreement remaining true and accurate, and not misleading, in all material respects as at Completion;
- (k) the Company having satisfied with the result of legal opinion issued by a U.S. legal adviser acceptable to the Company in respect of the undertakings of the Project Company in the U.S. (including but not limited to the Oil & Gas Leases), the legality, validity and enforceability of the transfer of the Oil & Gas Leases from the original owner to the Project Company and the rights, interests and encumbrances under the Oil & Gas Leases, which is in both form and substance and in all respects satisfactory to the Company;
- (l) the delivery by the Vendor to the Company of (i) Certificate of Incumbency; and (ii) Certificate of Good Standing in respect of the Vendor certifying that the Vendor has been duly incorporated and is in good standing;

- (m) the delivery by Vendor to the Company of (i) Certificate of Incumbency; and (ii) Certificate of Good Standing in respect of the Target Company certifying that the Target Company has been duly incorporated and is in good standing;
- (n) the Company having satisfied with the results of the Competent Person's Report on the Oil & Gas Leases issued by a Competent Person acceptable to the Purchaser which complies with the relevant requirements in the Listing Rules and in all respect to the satisfaction of the Company;
- (o) the Company having satisfied with the results of a valuation report on the Project Company and its interest in the Oil & Gas Leases issued by a competent evaluator acceptable to the Purchaser which complies with the relevant requirements in the Listing Rules and to the satisfaction of the Company;
- (p) there being no claim, litigation, arbitration, prosecution or other legal proceedings or any investigation, enquiry or in any proceedings or hearing before any statutory or governmental body, department, board or agency against the Vendor or the Target Company or the Project Company as at the date of the Sale and Purchase Agreement;
- (q) no Material Adverse Change having occurred; and
- (r) the Vendor having released all Encumbrances and third parties' rights on the Sale Shares (and produced to the Purchaser evidence which is acceptable to the Purchaser).

The Company may at its absolute discretion at any time waive in writing any of the conditions (f), (h), (i), (l), (m), (n), (o), (p), and (q) by written notice to the Vendor. The Vendor may in their absolute discretion at any time waive in writing the condition (j) by written notice issued by the Vendor to the Company. Neither the Vendor nor the Company may waive any of the conditions (a), (b), (c), (d), (e), (g), (k), (r).

If the conditions are not fulfilled or waived on or before 30 June 2014 (or such later date as may be agreed by the parties to the Sale and Purchase Agreement in writing), the Sale and Purchase Agreement shall lapse and be of no further effect and all rights, obligations and liabilities of the parties to the Sale and Purchase Agreement shall cease and determine and none of the parties to the Sale and Purchase Agreement shall have any claim against or liability to the other parties save and except for any antecedent breach.

## **Completion**

Completion shall take place on the fifth Business Day after the date on which the last of the conditions is fulfilled (or waived), or such other date as the parties to the Sale and Purchase Agreement may agree in writing.

## **The Promissory Notes**

Pursuant to the Sale and Purchase Agreement, an amount of HK\$123,200,000 out of the Consideration is to be satisfied by way of delivery by the Company, of the Promissory Notes, which are unsecured, to the Vendor (or its nominee(s)) on the Completion Date.

The principal terms of the Promissory Notes are summarised as follows:

### ***Issuer***

The Company

### ***Noteholder(s)***

The Vendor (or its nominee(s))

### ***Principal amount***

HK\$123,200,000

### ***Maturity date***

The date falling on the 12 months from the issue date of the Promissory Notes or, if that is not a Banking Day, the next Banking Day immediately thereafter.

### ***Interest***

8% per annum, payable upon maturity

### ***Repayment***

Payment of the principal amount of the Promissory Notes shall be made in full upon maturity.

### ***Transferability***

The Promissory Notes (all or part) will be freely transferable or assigned (in integral multiple of HK\$500,000 or such lesser amount representing the entire outstanding principal amount of the Promissory Notes). The Promissory Notes may not be assigned or transferred to a connected person (as defined in the Listing Rules) of the Issuer without the prior written consent of the Issuer.

### ***Early Redemption***

The Promissory Notes (all or part) may, by giving not less than 7 day's written notice to the Noteholder(s), at any time 3 Business Days prior to the maturity date, be redeemed by the Company at 100% of their face value together with all interest accrued on the principal amount of this Note thereby redeemed but unpaid.

### **The Convertible Bonds**

Pursuant to the Sale and Purchase Agreement, an amount of HK\$1,800,000 out of the Consideration is to be satisfied by the issuance of the Convertible Bonds by the Company within 10 days after the Completion Date, free and clear of all encumbrances at the time of issue by the Company, to the Vendor (or its nominee).

The principal terms of the Convertible Bonds are summarised as follows:

#### ***Issuer***

The Company

#### ***Bondholder(s) of Convertible Bonds***

The Vendor (or its nominee(s))

### ***Principal amount of Convertible Bonds***

HK\$1,800,000

### ***Maturity date***

The date falling 12 months after the issue date of the Convertible Bonds or, if that is not a Business Day, the first Business Day thereafter.

### ***Interest***

8% per annum, payable on the maturity date

### ***Transferability***

The Convertible Bonds will be freely transferable or assigned (in integral multiple of HK\$500,000). Any transfer of the Convertible Bonds to any connected person(s) of the Company shall be subject to the applicable requirements which the Stock Exchange may impose from time to time, if any.

### ***Voting rights***

The bondholder(s) is/are not entitled to attend or vote at any meetings of the Company by reason of it/them only being a bondholder.

### ***Conversion rights***

The bondholder(s) has/have the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds (in the amount of HK\$500,000 or integral multiples thereof) at any time from the Business Day immediately following the date of issuance of the Convertible Bonds up to (and excluding) the third Business Day immediately before the maturity date, provided that the Convertible Bonds may not be converted if such conversion would result in the Company's non-compliance with the public float requirement stipulated under Rule 8.08 of the Listing Rules. The bondholder(s) is obliged to further satisfy the Company that during the period from the date of issue of the Convertible Bonds up to the maturity date, the conversion rights exercised under the Convertible Bonds will not result in the bondholder(s) and parties acting in concert with it (for the purposes of the Takeovers Code) having to incur a bid obligation under Rule 26 of the Takeovers Code.

### ***Conversion Price***

The initial Conversion Price of HK\$3.84 per Conversion Share (subject to adjustments as detailed below) represents:

- (i) a discount of approximately 3.27% to the closing price of HK\$3.97 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 0.10% to the average of the closing prices of approximately HK\$3.844 per Share for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 15.86% to the average of the closing prices of approximately HK\$4.564 per Share for the last ten consecutive trading days up to and including the Last Trading Day.

The Directors confirmed that the initial Conversion Price was arrived at after arm's length negotiations among the Company and the Vendor, after taking into account the prevailing market price of the Shares and the recent condition of the financial market in Hong Kong.

The initial Conversion Price of HK\$3.84 per Conversion Share is subject to adjustments, among others, in each of the following cases:

- (a) an alteration to the nominal value of the Shares as a result of consolidation or subdivision or reclassification;
- (b) an issue by the Company of any Shares to the Shareholders by way of (i) capitalisation of profits or reserves; or (ii) a scrip dividend;
- (c) a capital distribution (whether on a reduction of capital or otherwise) by the Company to the Shareholders;
- (d) a rights issue of Shares or options or warrants to subscribe for new Shares to all or substantially all Shareholders at a subscription price which is less than 90% of the market price as at the date of the related announcement;

- (e) the issue by the Company wholly for cash of any securities which are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share initially receivable for such securities is less than 90% of the market price as at the date of the related announcement;
- (f) the rights of conversion or exchange or subscription attached to such securities mentioned in (e) above are modified so that the total effective consideration per Share initially received for such securities shall be less than 90% of the market price as at the date of the related announcement;
- (g) any issue of Shares wholly for cash at a price per Share which is less than 90% of the market price as at the date of the related announcement; or
- (h) any issue of Shares for acquisition of asset at an effective consideration per Share which is less than 90% of the market price as at the date of the related announcement.

### ***No Early Redemption***

The Company shall have the right to redeem any portion of the Convertible Bond outstanding at any time and from time to time prior to the maturity date at its own discretion.

### ***Ranking of the Conversion Shares***

The Conversion Shares shall rank pari passu in all respects with the Shares in issue on the date of allotment and issuance of such Shares.

### ***Application for listing***

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued upon exercise of the conversion right attaching to the Convertible Bonds.

The Conversion Shares shall be allotted and issued under the general mandate granted to the Directors on 2 September 2013 to allot, issue and deal with up to 83,563,934 Shares, being 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the annual general meeting of the Company held on 2 September 2013. As at the date of this announcement, the General Mandate has been utilised as to 45,680,000 Shares after the completion of placing on 16 December 2013. Accordingly, the Company can still allot, issue and deal with up to 37,883,934 Shares under the General Mandate, which is sufficient for the issue and allotment of the Conversion Shares upon full exercise of the Convertible Bonds and thus the issue and allotment of the Conversion Shares will not require any special approval from the Shareholders.

There will be no restriction on subsequent sale of the Conversion Shares.

### ***Conversion Shares***

Assuming full conversion of all the Convertible Bonds at the initial Conversion Price, a maximum of 468,750 Conversion Shares will be issued, representing (i) approximately 0.051% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 0.050% of the issued share capital of the Company as enlarged by the issuance of the Conversion Shares upon full exercise of the conversion right attaching to the Convertible Bonds at the initial Conversion Price.

## **INFORMATION ON THE TARGET GROUP**

### **The Target Company**

The Target Company is an investment holding company incorporated in the BVI on 1 April 2010 with limited liability. As at the date of this announcement, the Target Company is owned as to approximately 4.11%, 37.65%, 28.24%, 0.88%, 0.88% and 28.24% by Mighty Smart, Hover Max, Bloom Trade, Soar Power, Loyal Charm and the Vendor respectively, all of which and their ultimate beneficial owners and associate are Independent Third Parties.

As at the date of this announcement, the Target Company owns 100% of the legal and beneficial interest in the Project Company.

## **The Project Company**

The Project Company is a company incorporated in Nevada on 15 June 2010 with limited liability and is wholly owned by the Target Company. As at the date of this announcement, the principal assets of the Project Company are the Oil & Gas Rights under the Oil & Gas Leases.

The Project Company is principally engaged in the exploration and exploitation of natural resources in the U.S.. The Project Company's leasehold interest in the Oil & Gas Leases entitles the Project Company to receive 100% of the oil and gas (except helium) produced under the Oil & Gas Leases, subject to outstanding royalties. The Oil & Gas Leases carry a ten primary year term.

The Oil & Gas Leases are the federal oil and gas leases, covering an aggregate area of approximately 4,240.88 acres located in Nye County, Nevada, the U.S..

As advised by the Vendor, extensive technical work has already been completed in the selected drilling location under the Oil & Gas Leases over the past few years. All of the basic exploration disciplines have been employed to define the potential prospect area, and select the initial preferred location on the acreage for drilling and evaluation. The permit to drill the first well have been obtained by the Project Company.

According to the draft Competent Person's Report issued by a Competent Person in March 2013, the estimated oil reserves under the Oil & Gas Leases are as follows:

"Proved" reserves: 0

"Proved plus probable" reserves: 65.2 MMBO in conventional reservoirs and 2.8 MMBOE of shale gas

"Proved plus probable plus possible" reserves: 22 MMBO in conventional reservoirs and 4.8 MMBOE of shale gas

With reference to the draft Competent Person’s Report, (i) “proved” reserves are those quantities of petroleum, which by analysis of geosciences and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations; (ii) “probable” reserves are those additional reserves which analysis of geosciences and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves; and (iii) “possible” reserves are those additional reserves which analysis of geosciences and engineering data indicate are less likely to be recoverable than probable reserves.

Upon Completion, the Company will be effectively interested in approximately 10% of the issued share capital of the Project Company through the Target Company.

### **Financial information on the Target Group**

The Target Group comprises the Target Company and the Project Company, the financial information of which are illustrated below separately.

As at 31 December 2012, the unaudited net assets of the Target Company were approximately US\$8,500 (equivalent to approximately HK\$66,300) and the Target Company did not record any revenue nor profit/loss (both before and after taxation and extraordinary items) for the years ending 31 December 2012 and 2011.

Set out below is a summary of the unaudited financial information on the Project Company for the year ended 2011 and 2012, which was prepared in accordance with the US generally accepted accounting principles:

	<b>For the year ended 31 December 2012</b>		<b>For the year ended 31 December 2011</b>	
	<i>US\$</i>	<i>(HK\$ equivalent)</i>	<i>US\$</i>	<i>(HK\$ equivalent)</i>
<b>Income Statement</b>				
Revenue	13,643.00	106,415.40	–	–
Loss (before taxation and extraordinary items)	(6,808.04)	(53,102.71)	(59,606.35)	(464,929.53)
Loss (after taxation and extraordinary items)	(6,808.04)	(53,102.71)	(59,606.35)	(464,929.53)

	As at 31 December 2012		As at 31 December 2011	
	<i>US\$</i>	<i>(HK\$ equivalent)</i>	<i>US\$</i>	<i>(HK\$ equivalent)</i>
<b>Balance Sheet</b>				
Total assets	4,257,299.25	33,206,934.15	4,261,107.29	33,236,636.86
Total liabilities	253,000.00	1,973,400.00	253,000.00	1,973,400.00
Net assets	4,004,299.25	31,233,534.15	4,008,107.29	31,263,236.86

## **REASONS FOR THE ACQUISITION**

The Group is principally engaged in waste paper, scrap metal and consumable wastes recycling.

Oil, aside from the energy prospects, there is further opportunity to extract various other by-products as international commodities. The consumption of oil has been a global trend and for which there is a shortage of this irreplaceable form of energy. Prices for oil and its related products have been rising over years. In view of the continued economic growth and accelerated industrialisation and urbanisation in certain parts of the world as well as the development of the global economy, the Board is of the view that oil is expected to have its sustained demand.

While the Company will continue its existing businesses, the Directors consider that it is beneficial for the Group to seek suitable investment opportunities from time to time to diversify its existing business portfolio and to maximize the return for the Company and its shareholders as a whole. The Directors consider that the Acquisition will provide an opportunity for the Group with an aim to enhance the Group's future financial performance and profitability and thereby improve the return of the Shareholders.

The Board is of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

## **IMPLICATION UNDER THE LISTING RULES**

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is only subject to the reporting and announcement requirements of the Listing Rules.

**As Completion is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

By the request of the Company, trading in the Shares on the Stock Exchange had been suspended with effect from 9:00 am on 15 January 2014 pending the release of an announcement in relation to an issue of warrants of the Company, which was published on 21 January 2014, and this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:00 am on 27 January 2014.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“Acquisition”	the proposed acquisition of the Sale Shares by the Company from the Vendor pursuant to the Sale and Purchase Agreement
“associate(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Bloom Trade”	Bloom Trade Limited (BVI Company Number 1599582), a company incorporated under the laws of BVI which is holding 28.24% of the issued share capital of the Target Company as at the date of this announcement, being one of the shareholders of the Target Company

“Board”	the board of Directors
“BVI”	British Virgin Islands
“Business Day(s)”	a day (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“Banking Day(s)”	any day on which banks in Hong Kong generally are open for clearing and settlement business, except a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“Company”	China Environmental Energy Investment Limited (Stock code: 986), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Competent Person”	an independent technical adviser and valuer being eligible to issue the competent person’s report and the eligible competent evaluator under Chapter 18 of the Listing Rules, which and the ultimate beneficial owners and associates of which, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, shall be Independent Third parties
“Competent Person’s Report”	a competent person’s report (as defined under Chapter 18 of the Listing Rules) to be issued by the Competent Person
“Completion”	the completion of the Acquisition

“Completion Date”	the 5th Business Day after the date on which the last of the conditions precedent pursuant to the Sale and Purchase Agreement is fulfilled (or waived), or such other date as the parties therein may agree in writing
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“Consideration”	the consideration of HK\$125,000,000 payable by the Company to the Vendor for the Acquisition pursuant to the Sale and Purchase Agreement
“Conversion Price”	HK\$3.84 per Conversion Share, subject to adjustments in accordance with the terms and conditions of the Sale and Purchases Agreement and the terms of the Convertible Bonds
“Conversion Share(s)”	the new Shares to be allotted and issued by the Company upon exercise of the conversion right attaching to the Convertible Bonds at the Conversion Price
“Convertible Bond(s)”	the convertible bond(s) in the principal amount of HK\$1,800,000 to be issued by the Company to the Vendor (or its nominee(s)) in accordance with its terms and conditions of the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Encumbrances”	any interest or equity of any person (including any right to acquire, option or right of pre-emption), mortgage, charge, pledge, bill of sale, lien, deposit, hypothecation, assignment or any other encumbrance, priority or security interest or arrangement or interest under any contract or trust or any other third party interest of whatsoever nature over or in the relevant shares, assets or property

“General Mandate”	the general mandate granted to the Directors on 2 September 2013 to allot, issue and deal with up to 83,563,934 Shares, being 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the annual general meeting of the Company held on 2 September 2013
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hover Max”	Hover Max Limited (BVI Company Number 1593801), a company incorporated under the laws of BVI which is holding 37.65% of the issued share capital of the Target Company as at the date of this announcement, being one of the shareholders of the Target Company
“Independent Third Party(ies)”	third party(ies) and their ultimate beneficial owner(s) which are independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Last Trading Day”	14 January 2014, being the last trading day of the Shares immediately before the publication of the announcement in relation to the halt of trading in the Shares on the Stock Exchange on 15 January 2014
“Loyal Charm”	Loyal Charm Limited (BVI Company Number 1593284), a company incorporated under the laws of BVI which is holding 0.88% of the issued share capital of the Target Company as at the date of this announcement, being one of the shareholders of the Target Company

“Material Adverse Change”	any event, occurrence or development of a state of circumstances or facts which has led or reasonably could be expected to have a material and adverse effect on the financial position, management, business or property, results of operations, legal or financing structure, business prospects or assets or liabilities of the Target Company
“Mighty Smart”	Mighty Smart Limited (BVI Company Number 1593818), a company incorporated under the laws of BVI which is holding 4.11% of the issued share capital of the Target Company as at the date of this announcement, being one of the shareholders of the Target Company
“Nevada”	the State of Nevada, the U.S.
“Oil & Gas Leases”	three federal oil and gas leases with respective serial number NVN86605, NVN86657 and NVN86778 originally issued by the U.S. and administered by the Bureau of Land Management of the Nevada State Office of the U.S. and each carries a term of 10 years from 1 February 2009, 1 March 2009 and 1 April 2009 respectively, that entitle their holders the exclusive right to drill for, mine, extract, remove and dispose of all oil and gas (except helium) in parcels of lands in Nevada, subject to renewal or extension in accordance with the appropriate authority
“Oil & Gas Rights”	the exclusive right under the Oil & Gas Leases to drill for, mine, extract, remove and dispose of all oil and gas (except helium) in parcels of lands in Nevada
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“Promissory Notes”	the promissory note(s) in the aggregate principal amount of HK\$123,200,000 due 12 months from its issue and carrying interest of 8 per cent. per annum to be issued by the Company to the Vendor (or its nominee(s)) in accordance with its terms and conditions of the Sale and Purchase Agreement
“Project Company”	Bright Sky Energy & Minerals, Inc., a company incorporated in Nevada on 15 June 2010 with limited liability
“Sale and Purchase Agreement”	the sale and purchase agreement in relation to the Acquisition entered into between the Company and the Vendor on 20 January 2014
“Sale Shares”	850 shares of US\$1.0 each in the issued share capital of the Target Company, representing approximately 10% of the issued share capital of the Target Company as at the date of the Sale and Purchase Agreement
“SFC”	Securities and Futures Commission
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Soar Power”	Soar Power Limited (BVI Company Number 1595611), a company incorporated under the laws of BVI which is holding 0.88% of the issued share capital of the Target Company as at the date of this announcement, being one of the shareholders of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholders(s)”	shall have the meaning ascribed thereto under the Listing Rules

“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases of the Securities and Futures Commission of Hong Kong
“Target Company”	Pure Power Holdings Limited, an investment holding company incorporated in the BVI on 1 April 2010 with limited liability
“Target Group”	the Target Company and the Project Company
“U.S.”	the United States of America
“US\$”	US dollar(s), the lawful currency of the U.S.
“Valuation Report”	the valuation report prepared by the Competent Person regarding the valuation of the Project Company as defined under Chapter 18 of the Listing Rules
“Vendor”	Fortune Glow Limited (BVI Company Number 1598962), a company incorporated under the laws of the BVI which is holding 28.24% of the issued share capital of the Target Company as at the date of this announcement
“%”	per cent.

By order of the Board  
**China Environmental Energy Investment Limited**  
**Chen Tong**  
*Chairman*

Hong Kong, 24 January 2014

*For the purpose of this announcement, all amounts denominated in US\$ have been translated (for information only) into HK\$ using the exchange rates of US\$1: HK\$7.8. No representation is made that any amounts in US\$, or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.*

*In the event of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*

*As at the date of this announcement, the Board comprises four executive directors, namely Ms. Chen Tong (Chairman), Ms. Chan Ching Ho, Kitty, Mr. Xiang Liang and Ms. Li Lin; two non-executive directors, namely Ms. Yao Zhengwei and Mr. Wang Zhenghua; and three independent non-executive directors, namely Mr. Ong King Keung, Mr. Tse Kwong Chan and Ms. Zhou Jue.*

*This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange and the website of the Company for at least seven days from the date of its posting.*

*\* For identification purposes only*