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: 8182)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2010

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED ("STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors ("**Directors**") of Enviro Energy International Holdings Limited ("**Company**", and together with its subsidiaries and jointly-controlled entity, "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("**GEM 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in investment holding and development of environmental energy-related projects involving conventional oil, unconventional natural gas and state-of-the-art oil and gas related environmental technologies.

BUSINESS REVIEW

Conventional crude oil business

The Company indirectly owns 50% of Qian An Oil Development Co., Ltd. ("**Qian An**"), an equity joint venture company established in the People's Republic of China ("**PRC**" or "**China**"). The other 50% of the equity interest of Qian An is beneficially owned by PetroChina Company Limited ("**PetroChina**"), whose "H" shares and American depository shares are listed on the Stock Exchange and the New York Stock Exchange, Inc., respectively. Qian An is principally engaged in exploitation of petroleum resources activities and production of petroleum.

During the second quarter of 2010, the crude oil price in the PRC continued to maintain at a level ranging between approximately US$70 and US$80 per barrel. PetroChina, being the operator of the two oilfields of Qian An, maintained the crude oil production levels at an average monthly production of approximately 9,000 barrels.

Unconventional natural gas business

As at the date hereof, the Company held approximately 64.98% of the current issued common shares and preferred shares in the capital of TerraWest Energy Corp. ("**TWE**"), or approximately 74.25% of the issued common shares, preferred shares, warrants and options outstanding in the capital of TWE on a fully diluted basis, respectively. TWE and China United Coalbed Methane Corporation Limited ("**CUCBM**") hold an interest of 47% and 53%, respectively, in a production sharing contract dated 30 December 2005 ("**PSC**"), which is located in Xinjiang Uygur Autonomous Region ("**Xinjiang**") in the far west of the PRC. The administration of the PSC has been transferred to PetroChina Coalbed Methane Company Ltd. ("**PCCBM**").

TWE recently completed an evaluation of the coalbed methane ("**CBM**") resources for the coal seams in a portion of its Liuhuanggou Project lands which provided a best estimate of discovered gas initially in place ("**GIIP**") of 26.7 billion cubic feet per square mile for the Jurassic Xishanyao ("**J2X**") and Jurassic Badaowan ("**J1B**") coal seams in aggregate in the evaluation area. The evaluation area for the best estimate of discovered GIIP represents approximately 5% of the total area of the PSC. The evaluation report is compliant with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (NI 51-101) and Canadian Oil and Gas Evaluation (COGE) Handbook and was undertaken by an independent third party. The resource estimate is based on coal seams only and does not include the gas resources in other rocks including carbonaceous mudstone / shale.

As previously reported, the results from the 2009 drilling program indicate the J2X to have greater gas content than previously anticipated. Gas content as measured to the end of March 2010 from core samples taken from well LHG 09-03 ranges from a minimum value of 30.08 standard cubic feet ("**scf**") / ton ("**t**") to a maximum of 268.69 scf / t. The gas content results for the J2X are especially encouraging when combined with the thickness of the coal seams. The gross thickness of J2X coal seams intersected in LHG 09-03 exceeded 63 metres (208 feet).

Desorption results for J1B coal samples taken from wells LHG 09-01 and LHG 09-02 indicate the J1B coal to be generally higher in gas content than the J2X as test results are reported to range from 105.98 to 335.43 scf / t and 86.74 to 350.49 scf / t from the two wells, respectively. The multiple J1B coal seams have an average gross aggregate thickness of 30 metres (99 feet).

The combination of gas content and coal seam thickness makes the Liuhuanggou Project one of the most prospective in the world.

TWE has prepared the detailed work program and budget for 2010, which was discussed and approved during a joint management committee (JMC) meeting with PCCBM in early July 2010. The 2010 program will include pilot production testing at multiple locations. Preliminary planning activities are underway.

Under the terms of the PSC, TWE has the right to explore for, develop, produce and sell CBM or liquid hydrocarbons extracted from CBM. CBM is defined in the PSC as gas stored in certain named geological formations of Jurassic age to a depth of 1,500 metres.

In June 2010, TWE approved a new share issue and distributed a notice of intent to complete a private placement of units in order to raise capital for the 2010 program. TWE solicited interest in the planned subscription from all its current shareholders and the Company through its subsidiary provided positive indication to invest. As disclosed in more details in the Company's announcement dated 26 July 2010, the Company, through Aces Diamond International Limited ("**Aces Diamond**"), its wholly-owned subsidiary, entered into a subscription agreement with TWE on 25 July 2010, pursuant to which Aces Diamond has agreed to subscribe for 90 million units of TWE at a subscription price of C$4,500,000 (equivalent to approximately HK$33,300,000). Upon completion of the said subscription, the controlling interests of the Company, through its wholly-owned subsidiaries, in TWE will further increase to approximately 71.61% of the issued common shares and preferred shares in the capital of TWE. Upon completion of the said subscription and assuming all C warrants and D warrants are exercised in full, the controlling interests of the Company, through its wholly-owned subsidiaries, in TWE will further increase to approximately 82.29% of the issued common shares, preferred shares, warrants and options outstanding in the capital of TWE on a fully diluted basis.

Environmental technologies

The Deep Unmineable Coal Carbon Dioxide ("**CO_2**") Sequestration and Enhanced CBM Production Project ("**JV Project**") operated under the cooperative joint venture agreement dated 25 January 2008 ("**JV Agreement**") between the Company, CUCBM and Petromin Resources Ltd. ("**Petromin**") continued to move ahead smoothly during the second quarter of 2010. The JV Project is a single-well pilot project that involves injecting CO_2 into target coal seams to test the CO_2 sequestration and storage capacity of the coal seams and then testing enhanced CBM ("**ECBM**") production. 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.

During the quarter, the CO_2 injection was successfully completed and the well subsequently shut-in for a prescribed period as planned. The well was put back on production in early July 2010 following a workover and the results will be reported after being monitored and analysed. Expert representatives of the Company were onsite for the workover and well start-up.

The pilot test area covers 1,152 acres (466 hectares or 5 square kilometers ("**sq km**")) and provides sufficient land area to test the CO_2 storage capacity of coal seams as well as the effectiveness of CO_2 as a driver of ECBM production. CUCBM exclusively holds 100% of CBM rights for a 50 sq km area of the North Shizhuang block which is therefore a target for a multi-well expansion where well SX-001 is located. This CUCBM area has absolutely no other cooperative relationships with other foreign entities at this time. The remaining 124 sq km area within the North Shizhuang area is currently defined as an area of internal exploration by CUCBM.

The CO_2 injection is the first ever such activity in the PRC to be undertaken under leadership of state-owned and private enterprises while being assisted by support and funding from the Chinese and Canadian governments.

As previously reported, the JV Project has received matching funding support from the Canadian government under the auspices of the Asia-Pacific Partnership on Clean Development and Climate and has also received significant support from the Ministry of Science and Technology of the PRC.

BUSINESS PROSPECTS

Conventional crude oil business

The US Energy Information Administration ("**EIA**") reduced its predicted prices for crude oil over the remainder of 2010 in its monthly *Short-Term Energy Outlook* released in June 2010. The agency predicted average per-barrel crude oil prices of US$78.75 in 2010 which is consistent with previous outlooks for the year. The EIA pointed to "uncertain" economic growth in Europe and China as their main reason to predict lower oil product prices in 2010 and does not expect the Organisation of the Petroleum Exporting Countries (OPEC) to adjust its production levels. The economic outlook for China, while uncertain in absolute figures, is still expected to be healthy.

The *Short-Term Energy Outlook* only slightly adjusted previous predictions for global oil consumption for 2010 with a prediction for average world consumption of 85.51 million barrels per day ("**bpd**") which represents an increase of 1.5 million bpd over 2009. World demand will grow this year and in 2011, according to the EIA, with the growth in oil consumption expected to be largely concentrated in the Asia-Pacific and Middle East regions.

The Group continues to interpret the global and regional situation in petroleum as supporting its continued involvement in the upstream petroleum business in China and the Group continually assesses opportunities for increased shareholder value from current operations.

Unconventional natural gas business

The PRC is considered one of the world's largest and fastest growing consumer markets for natural gas and also holds the largest estimated CBM resources (unconventional natural gas) in the world. Forecast demand for natural gas outstrips supply in the PRC by a wide margin and the development of CBM and other unconventional natural gas resources is highly sought after, encouraged and supported by the central government of China.

The central government of China recently introduced a new economic development policy for Xinjiang which will see substantial increases in infrastructure construction and other steps to accelerate economic development, including energy resource development. The specific regional focus of the economic policy is considered unprecedented in China. In a second announcement intended to stimulate natural gas exploration, development and production within the country, the central government of China increased natural gas prices across the board by 25% effective 1 June 2010.

To date, TWE, the Company's non wholly-owned subsidiary, holds the only CBM PSC in the Junggar Basin. Within the PRC, the Junggar Basin is considered to be among the most prospective regions for CBM and other unconventional natural gas and is connected to the national natural gas pipeline grid of the PRC via both the national 1st and 2nd West-East pipelines.

International shale gas and CBM developments

The rapid expansion of unconventional natural gas production in North America has dampened price levels but the major integrated energy corporations have recently moved aggressively to increase gas assets. ExxonMobil Corp acquired XTO Energy in a deal worth US$41 billion during the year. In May, Royal Dutch Shell ("**Shell**") announced the acquisition of East Resources, a shale gas company with substantial acreage in the prolific US Marcellus shale for US$4.7 billion. Shell has indicated it expects natural gas to account for more than 50% of its total production by 2012.

Earlier in 2010, Total Energy entered a US$2.25 billion deal for a 25% interest in Chesapeake Energy Corp's assets in the US Barnett shale.

Reliance Industries of India ("**Reliance**") recently purchased a 45% stake in strategic Pioneer Natural Resources lands in the US Eagle Ford shale. Reliance also entered a joint venture with Atlas Energy to take a 40% interest in the company's US Marcellus shale assets.

These large-scale business transactions show that the global majors see good economics in unconventional gas even under lower price levels.

The strategy of the global energy corporations is based on their assessment that easy access to oil has come to an end due to depletion and the complications of nationalistic energy policies. The challenges of maintaining global oil production levels have pushed the large corporations toward large-scale natural gas development. The trend is supported by international concerns over greenhouse gas emissions and a desire to increase the utilization of gas in the energy mix and natural gas is emerging as the fuel for electricity generation and transportation.

ExxonMobil expects global gas consumption to increase 55% between 2005 and 2030.

In Continental Europe which depends on Russia for its natural gas, the potential for an alternative gas supply has led to extensive new exploration. In Poland, ExxonMobil and ConocoPhillips are among exploration companies that have been granted dozens of concessions for shale-gas exploration.

China is also in the very early stages of advancing development of shale gas resources. China National Petroleum Corp. ("**CNPC**") signed an agreement with Canada's EnCana Corporation ("**EnCana**") that may lead to cooperative joint ventures whereby CNPC would provide capital in exchange for EnCana's unconventional gas technical know-how. PetroChina and Shell announced a joint deal to purchase Arrow Energy of Australia. The acquisition is aimed to provide PetroChina with access to CBM production technology while Shell potentially gains an entry point into the Chinese import gas market. Shell and PetroChina had already signed a 30-year deal to develop China's unconventional gas resources in Sichuan Province.

Also during the year, China and the USA announced a Sino-US Shale Gas Resource Cooperative Initiative to begin study of shale and other unconventional natural gas resources.

The Group sees these activities as strong confirmation of a positive long-term trend supporting investment in natural gas and unconventional production technologies and considers the continued international expansion of such activity to be an acknowledgement of the early mover and leading edge attributes of the Group's strategy in unconventional natural gas in the PRC.

*Strategic financial initiative with Cheung Kong Infrastructure Holdings Limited ("**CKI**")*

As previously reported, Mr. Chan Wing Him Kenny, an executive Director, the Chairman and Chief Executive Officer of the Company, through his investment vehicle, Colpo Mercantile Inc. ("**Colpo**"), being the Company's controlling shareholder, as issuer and he as issuer's guarantor, executed an exchangeable note instrument ("**Note Instrument**") dated 12 April 2010 with Green Island Cement Company, Limited ("**Green Island**"), a subsidiary of CKI which shares are listed on the Main Board of the Stock Exchange.

The Note Instrument entitles Green Island to exchange for up to 200,000,000 shares of the Company, representing up to approximately 8.2% of the issued share capital of the Company at an exercise price of HK$0.88 per share of the Company, subject to adjustment, within an exercise period of three (3) years commencing from 12 April 2010 to 12 April 2013. The aggregate consideration payable by Green Island upon full exercise of its right under the Note Instrument shall be HK$176 million, subject to adjustment.

CKI is the largest publicly listed infrastructure company in Hong Kong with diversified investments in energy infrastructure, transportation infrastructure, water infrastructure and infrastructure related businesses. Operating in Hong Kong, Mainland China, Australia, New Zealand, the United Kingdom, Canada and the Philippines, CKI is a leading player in the global infrastructure arena.

The Group welcomes this financial initiative and the cooperation with CKI. The business case for environmental sustainability is imperative and this transaction serves as an endorsement of the Group's corporate business model and long-term strategic plan which further validates the underlying value of the Company. In addition, the Group is delighted to have commenced this relationship with CKI through the Note Instrument investment which sees the Company entering an exciting new chapter of value creation for shareholders. The transaction results in an alignment of strengths within each company, namely CKI's operational capabilities, financial capacity and global scale with the Company's proven skills of project identification, development along the energy value chain and advancement of environmental technology. Together with its partners, the Group looks forward to building the leading clean energy company in this market.

FINANCIAL REVIEW

Oil and gas segment

Conventional crude oil business

With average monthly production of approximately 9,000 barrels and crude oil price in the PRC maintaining at a level above US$70 per barrel, results of Qian An, a jointly-controlled entity continued to improve during the second quarter of 2010. The Group's overall share of profit of Qian An for the six months ended 30 June 2010 amounted to approximately HK$1.0 million (2009: loss of HK$3.4 million).

Non-conventional natural gas business

During the second quarter of 2010, the Group's non-conventional natural gas businesses were still in exploration and evaluation phases.

Information technology ("IT") and network infrastructure segment

During the second quarter of 2010, the Group continued focusing its resources on energy-related business and scaled-down its IT solutions and services business. As a result of the Group's change in business model, the Group's revenue generated from IT related businesses for the six months ended 30 June 2010 amounted to approximately HK$126,000 (2009: HK$191,000).

Administrative and operating expenses

For the six months ended 30 June 2010, administrative and operating expenses amounted to approximately HK$28.8 million (2009: HK$29.7 million).

For the six months ended 30 June 2010, administrative and operating expenses mainly comprised remuneration and employee compensation costs, including Directors' emoluments, of approximately HK$10.6 million, share-based payments of approximately HK$8.5 million, consultancy fees and investor relations costs of approximately HK$2.0 million, and rental expenses of approximately HK$1.8 million.

As stated in the Company's annual report for the year ended 31 December 2009, the Group has made some correction of prior period errors. As a result, administrative and operating expenses for the six months ended 30 June 2009 have been restated, to take into account of (i) a reversal amortisation of intangible assets and the related deferred tax impact amounting to approximately HK$4.9 million; and (ii) a downward adjustment for bonus which should have been recognised in prior periods amounting to approximately HK$4.6 million.

Other comprehensive income

During the six months ended 30 June 2010, exchange differences arising on translation of Canadian operation amounted to approximately HK$2.0 million (2009: unrealised net exchange gain of HK$30.9 million), because the Canadian dollars ("**C$**") as a functional currency, against the Hong Kong dollars ("**HK$**") as a presentation currency, increased by approximately 0.5% when translating the carrying value of the Group's Canadian subsidiary.

Loss attributable to equity holders of the Company

As a result of the above-mentioned factors, loss attributable to equity holders of the Company for the six months ended 30 June 2010 amounted to approximately HK$26.9 million (2009: HK$27.8 million).

Liquidity and financial resources

For the period under review, the Group's major business operations took place in Hong Kong, the PRC and Canada, and were financed mainly by internally generated cash flows and fund raised from previous share placements. As at 30 June 2010, the Group had bank balances and cash of approximately HK$46.1 million (31 December 2009: HK$79.5 million). The Group's working capital ratio stood at 2.3 as at 30 June 2010 (31 December 2009: 2.5).

The Group adopts conservative treasury policies in managing its cash and financial matters, with the Group's treasury activities mainly carried out in Hong Kong. Currently, bank balances and cash are placed in interest-bearing bank accounts denominated in HK$, U.S. dollars ("**US$**") and C$. The Group's financial risk management objectives and policies are reviewed regularly by the board of Directors ("**Board**").

As at 30 June 2010, the Group maintained a debt-free capital structure.

Charge on group assets

As at 30 June 2010, the Group did not have any charges on the Group's assets (31 December 2009: Nil).

Gearing ratio

As at 30 June 2010, the Group had no payables incurred which were not in the ordinary course of business and accordingly the gearing ratio was nil.

Foreign exchange exposure

The Group mainly earned revenue and incurred costs in HK$, Renminbi ("**RMB**"), C$ and US$. Risk on exposure to fluctuation in exchange rates was insignificant to the Group despite there was fluctuation in the exchange rate between US$ against C$. The Directors and senior management will continue to monitor closely the exchange risk and hedging by forward contracts and applicable derivatives when necessary.

Capital commitments

As at 30 June 2010, the Group had capital commitments amounting to approximately HK$11.5 million (31 December 2009: HK$11.5 million).

Contingent liabilities

As at 30 June 2010, the Group had no contingent liabilities (31 December 2009: Nil).

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS

Save as disclosed in the section headed "Business Review", during the six months ended 30 June 2010, the Group did not make any significant investments or future plans for material investments. The Group will continue to explore new opportunities in energy-related projects and to look for potential investments in the PRC and overseas.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 June 2010, the Group did not effect any material acquisitions or disposals which would be required to be disclosed under the GEM Listing Rules.

EMPLOYEES' INFORMATION

As at 30 June 2010, the Group had 24 full-time employees (31 December 2009: 22) working in Hong Kong, the PRC and Canada. For the six months ended 30 June 2010, total staff costs, including Directors' emoluments, amounted to approximately HK$10.6 million (2009: approximately HK$8.8 million). The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

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

CONSOLIDATED INCOME STATEMENT

The Board is pleased to announce the unaudited consolidated results of the Group for the three months and six months ended 30 June 2010, together with the restated comparative figures for the corresponding periods in 2009 as follows:

		For the three months ended 30 June		For the six months ended 30 June	
	Note	**2010 HK$'000 (Unaudited)**	2009 (as restated) HK$'000 (Unaudited)	**2010 HK$'000 (Unaudited)**	2009 (as restated) HK$'000 (Unaudited)
Revenue	3	**96**	66	**126**	191
Cost of sales		**(73)**	(43)	**(90)**	(140)
Gross profit		**23**	23	**36**	51
Other gain, net		**222**	11	**501**	35
Administrative and operating expenses		**(15,182)**	(17,783)	**(28,778)**	(29,733)
Share of profits less losses of a jointly-controlled entity		**(825)**	(1,856)	**957**	(3,434)
Loss before taxation	4	**(15,762)**	(19,605)	**(27,284)**	(33,081)
Income tax	5	**-**	-	**-**	-
Loss for the period		**(15,762)**	(19,605)	**(27,284)**	(33,081)
Attributable to:					
Equity holders of the Company		**(15,632)**	(16,638)	**(26,892)**	(27,811)
Minority interests		**(130)**	(2,967)	**(392)**	(5,270)
		(15,762)	(19,605)	**(27,284)**	(33,081)
Loss per share attributable to equity holders	7				
Basic and Diluted		**(HK0.64 cent)**	(HK0.71 cent)	**(HK1.11 cent)**	(HK1.19 cent)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 30 June		For the six months ended 30 June	
	2010	2009 (as restated)	**2010**	2009 (as restated)
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss for the period	**(15,762)**	(19,605)	**(27,284)**	(33,081)
Other comprehensive income / (loss)				
Gain on fair value changes of available-for-sale investment	**486**	1,377	**265**	1,401
Exchange differences arising from translation of foreign operations	**(11,186)**	49,686	**4,222**	30,854
Other comprehensive income / (loss) for the period, net of tax	**(10,700)**	51,063	**4,487**	32,255
Total comprehensive (loss) / income for the period	**(26,462)**	31,458	**(22,797)**	(826)
Attributable to:				
Equity holders of the Company	**(18,511)**	12,600	**(23,854)**	(10,542)
Minority interests	**(7,951)**	18,858	**1,057**	9,716
Total comprehensive (loss) / income for the period	**(26,462)**	31,458	**(22,797)**	(826)

CONSOLIDATED BALANCE SHEET

	Note	**As at 30 June 2010 HK$'000 (Unaudited)**	As at 31 December 2009 HK$'000 (Audited)
ASSETS			
Non-current assets			
Plant and equipment	9	**2,892**	3,531
Interest in a jointly-controlled entity	10	**3,681**	2,710
Available-for-sale investment		**1,676**	1,411
Oil and gas properties	11	**1,030,967**	1,022,216
Club memberships		**2,950**	2,370
		1,042,166	1,032,238
Current assets			
Trade receivables	12	**-**	14
Deposits, prepayments and other receivables		**1,733**	1,385
Amount due from a jointly-controlled entity		**19,555**	19,401
Financial asset at fair value through profit or loss		**4,145**	3,934
Bank balances and cash		**46,125**	79,513
		71,558	104,247
Total assets		**1,113,724**	1,136,485
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	13	**6,080**	6,080
Share premium and reserves		**534,079**	549,456
		540,159	555,536
Minority interests		**300,175**	299,118
Total equity		**840,334**	854,654
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	14	**242,107**	240,941
Current liabilities			
Trade payables	15	**2,901**	13,607
Accrued liabilities and other payables		**28,382**	27,283
		31,283	40,890
Total liabilities		**273,390**	281,831
Total equity and liabilities		**1,113,724**	1,136,485
Net current assets		**40,275**	63,357
Total assets less current liabilities		**1,082,441**	1,095,595

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company										
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Available-for-sale investment reserve HK$'000	Share options reserve HK$'000	Translation reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
As at 31 December 2008, as restated	5,842	654,527	19,980	(2,922)	58,551	(16,884)	-	(109,373)	609,721	231,302	841,023
Comprehensive income/(loss)											
Loss for the period	-	-	-	-	-	-	-	(27,811)	(27,811)	(5,270)	(33,081)
Other comprehensive income											
Gain on change in fair value of available-for-sale investment	-	-	-	1,401	-	-	-	-	1,401	-	1,401
Exchange differences arising from translation of foreign operations	-	-	-	-	-	15,868	-	-	15,868	14,986	30,854
Total other comprehensive income	-	-	-	1,401	-	15,868	-	-	17,269	14,986	32,255
Total comprehensive income/(loss) for the period	-	-	-	1,401	-	15,868	-	(27,811)	(10,542)	9,716	(826)
Transactions with shareholders											
Recognition of equity settled share-based payment	-	-	-	-	622	-	-	-	622	-	622
Forfeiture of share options	-	-	-	-	(24)	-	-	24	-	-	-
Deemed disposal of minority interests	-	-	-	-	-	-	(35,721)	-	(35,721)	38,801	3,080
Total transactions with shareholders	-	-	-	-	598	-	(35,721)	24	(35,099)	38,801	3,702
As at 30 June 2009 (Unaudited)	5,842	654,527	19,980	(1,521)	59,149	(1,016)	(35,721)	(137,160)	564,080	279,819	843,899
As at 31 December 2009 (Audited)	**6,080**	**654,589**	**19,980**	**(2,170)**	**62,860**	**48,013**	**(17,873)**	**(215,943)**	**555,536**	**299,118**	**854,654**
Comprehensive income/(loss)											
Loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(26,892)**	**(26,892)**	**(392)**	**(27,284)**
Other comprehensive income											
Gain on change in fair value of available-for-sale investment	**-**	**-**	**-**	**265**	**-**	**-**	**-**	**-**	**265**	**-**	**265**
Exchange differences arising from translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**2,773**	**-**	**-**	**2,773**	**1,449**	**4,222**
Total other comprehensive income	**-**	**-**	**-**	**265**	**-**	**2,773**	**-**	**-**	**3,038**	**1,449**	**4,487**
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**265**	**-**	**2,773**	**-**	**(26,892)**	**(23,854)**	**1,057**	**(22,797)**
Transactions with shareholders											
Recognition of equity settled share-based payment	**-**	**-**	**-**	**-**	**8,477**	**-**	**-**	**-**	**8,477**	**-**	**8,477**
Total transactions with shareholders	**-**	**-**	**-**	**-**	**8,477**	**-**	**-**	**-**	**8,477**	**-**	**8,477**
As at 30 June 2010 (Unaudited)	**6,080**	**654,589**	**19,980**	**(1,905)**	**71,337**	**50,786**	**(17,873)**	**(242,835)**	**540,159**	**300,175**	**840,334**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(28,894)**	(26,026)
Net cash used in investing activities	**(4,334)**	(1,209)
Net cash from financing activities	**-**	3,080
Net decrease in bank balances and cash	**(33,228)**	(24,155)
Bank balances and cash at beginning of period	**79,513**	133,740
Exchange losses on bank balances and cash	**(160)**	(2,420)
Bank balances and cash at end of period	**46,125**	107,165

Notes:

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The unaudited consolidated interim financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants. They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investment and financial asset at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

2. SEGMENT INFORMATION

The Group has adopted HKFRS 8 from 1 January 2009. Adoption of this standard did not have any effect on the Group's results of operations or financial position. With the adoption of HKFRS 8, the Group has re-assessed the operating segments compared to the business segments previously identified under HKAS 14, based upon the information reported internally to the Group's chief operating decision maker, the Chief Executive Officer of the Company ("**CEO**").

Management has determined the operating segments based on the reports reviewed by the CEO that are used to make strategic decisions. The CEO considers business from both an operation and geographic perspective.

In a manner consistent with the way in which information is reported internally to the CEO, the Group has presented the following reportable segments:

2. SEGMENT INFORMATION (Continued)

(i) Information technology related services in Hong Kong
(ii) Qian An - Exploration, development and production of petroleum in the PRC
(iii) TWE - Exploration, development and production of CBM and liquid hydrocarbons in the PRC

For the purposes of assessing segment performance and allocating resources between segments, the CEO monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

(a) Segment assets include all tangible and intangible assets and current assets with the exception of available-for-sale investment, club memberships, financial asset at fair value through profit and loss and other unallocated corporate assets.

(b) Segment liabilities include all liabilities except for unallocated corporate liabilities.

(c) Segment results are allocated to reportable segments with reference to sales generated and expenses incurred by those segments, the Group's share of profits less losses of a jointly-controlled entity and administrative and operating expenses. There is no transaction between segments. The measure used for reporting revenue and expenses of reportable segments is loss before taxation.

An analysis of the Group's revenue and loss and certain assets, liabilities and expenditure information for the Group's reportable segments is as follows:

	Information technology related services in Hong Kong	Oil and gas exploration in China		Consolidated
		Qian An	TWE	
	HK$'000	HK$'000	HK$'000	HK$'000
For the six months ended 30 June 2010				
Segment revenue	126	-	-	126
Gross profit	36	-	-	36
Administrative and operating expenses	(1,274)	-	(960)	(2,234)
Share of profits less losses of a jointly-controlled entity	-	957	-	957
Segment results	(1,238)	957	(960)	(1,241)
Unallocated:				
Other gain, net				501
Administrative and operating expenses				(26,544)
Loss before taxation				(27,284)
Income tax				-
Loss for the period				(27,284)
As at 30 June 2010				
Segment assets	605	23,236	1,032,366	1,056,207
Unallocated assets				57,517
Total assets				1,113,724
Segment liabilities	401	-	250,451	250,852
Unallocated liabilities				22,538
Total liabilities				273,390

2. SEGMENT INFORMATION (Continued)

	Information technology related services in Hong Kong	Oil and gas exploration in China		Unallocated	Consolidated
		Qian An	TWE		
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the six months ended 30 June 2010					
Capital additions	31	-	3,815	242	4,088

(As restated)

	Information technology related services in Hong Kong	Oil and gas exploration in China		Consolidated
		Qian An	TWE	
	HK$'000	HK$'000	HK$'000	HK$'000
For the six months ended 30 June 2009, as restated				
Segment revenue	191	-	-	191
Gross profit	51	-	-	51
Administrative and operating expenses	(985)	-	(10,453)	(11,438)
Share of profits less losses of a jointly-controlled entity	-	(3,434)	-	(3,434)
Segment results	(934)	(3,434)	(10,453)	(14,821)
Unallocated:				
Other gain, net				35
Administrative and operating expenses				(18,295)
Loss before taxation				(33,081)
Income tax				-
Loss for the period				(33,081)
As at 31 December 2009 (Audited)				
Segment assets	599	22,111	1,029,133	1,051,843
Unallocated assets				84,642
Total assets				1,136,485
Segment liabilities	79	-	256,539	256,618
Unallocated liabilities				25,213
Total liabilities				281,831

2. SEGMENT INFORMATION (Continued)

	Information technology related services in Hong Kong	**Oil and gas exploration in China**		**Unallocated**	**Consolidated**
		Qian An	**TWE**		
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 December 2009 (Audited)					
Capital additions	56	-	15,693	729	16,478

The Group's revenue for both the six months ended 30 June 2010 and 2009 is solely derived from its information technology related services segment in Hong Kong.

The Group's non-current assets other than available-for-sale investment, as at 30 June 2010 and 31 December 2009 are further analysed as follows:

	As at 30 June 2010 HK$'000 (Unaudited)	As at 31 December 2009 HK$'000 (Audited)
Hong Kong (place of domicile)	**5,790**	5,882
China	**1,034,700**	1,024,945
	1,040,490	1,030,827
Available-for-sale investment	**1,676**	1,411
Total non-current assets	**1,042,166**	1,032,238

3. REVENUE

Revenue represents amount receivable for goods sold and services provided in the normal course of business.

An analysis of the Group's revenue is as follows:

	For the six months ended 30 June	
	2010 HK$'000 (Unaudited)	2009 HK$'000 (Unaudited)
Sale of computer hardware and software	**116**	168
Network infrastructure maintenance and other services	**10**	23
	126	191

4. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after (crediting) / charging share of profits less losses of jointly-controlled entity and the following:

	For the six months ended 30 June	
	2010	2009 (as restated)
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Bank interest income	**(6)**	(35)
Gain on financial asset at fair value through profit or loss	**(495)**	-
Cost of inventories sold	**88**	140
Cost of services provided	**2**	-
Depreciation of plant and equipment	**805**	673
Loss / (Gain) on disposal of plant and equipment	**28**	(1)
Operating lease payments	**1,843**	1,124
Consultancy fees and investor relations costs	**1,998**	3,625
Staff costs, including Directors' emoluments		
- Salaries, allowances and other benefits	**10,601**	8,789
- Retirement benefit scheme contributions	**84**	105
- Share-based payments *(Note 8)*	**8,477**	622

5. INCOME TAX

The Company was incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands until 2021. The Company's subsidiaries established in the British Virgin Islands were incorporated under the International Business Companies Acts of the British Virgin Islands and accordingly are exempted from the payment of the British Virgin Islands income taxes.

No Hong Kong profits tax has been provided as the Group did not have any assessable profits in Hong Kong for the six months ended 30 June 2010 (2009: Nil).

PRC Enterprise Income Tax has not been provided for the subsidiaries in the PRC as they did not generate any assessable profits during the six months ended 30 June 2010 (2009: Nil).

Tax under the Income Tax Act (Canada) has not been provided as TWE, the Company's non wholly-owned subsidiary incorporated under the laws of British Columbia, Canada, has been reporting tax loss since its incorporation.

6. DIVIDENDS

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2010 (2009: Nil).

7. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the three months and six months ended 30 June 2010 and 2009.

The calculation of the basic loss per share attributable to the equity holders of the Company is based on the following data:

	For the three months ended 30 June		**For the six months ended 30 June**	
	2010 (Unaudited)	2009 (as restated) (Unaudited)	**2010 (Unaudited)**	2009 (as restated) (Unaudited)
Loss attributable to equity holders of the Company for the purpose of basic loss per share (HK$'000)	**(15,632)**	(16,638)	**(26,892)**	(27,811)
Weighted average number of ordinary shares for the purpose of basic loss per share ('000)	**2,431,961**	2,336,881	**2,431,961**	2,336,881
Basic loss per share (in HK cents)	**(0.64)**	(0.71)	**(1.11)**	(1.19)

The Group had share options and warrants (issued by TWE) outstanding as at 30 June 2010 and 30 June 2009. The share options and warrants did not have a dilutive effect on loss per share for the six months ended 30 June 2010 (2009: anti-dilutive).

8. SHARE-BASED PAYMENTS TRANSACTION

On 4 February 2010, a total of 63,630,000 share options to subscribe for ordinary shares at par value of HK$0.0025 each of the Company were granted by the Company under the share option scheme adopted by the Company on 25 January 2003 ("**Share Option Scheme**") to certain eligible participants of the Share Option Scheme, with an exercise price of HK$0.514 per share and a validity period from 4 February 2010 to 4 February 2020. 50% of these share options are exercisable in a period commencing two years from the date of grant and expiring on the tenth anniversary from the date of grant. The balance of 50% of the share options are exercisable in a period commencing three years from the date of grant and expiring on the tenth anniversary from the date of grant.

For the six months ended 30 June 2010, the fair value of options granted under the Share Option Scheme, recognised in administrative and operating expenses, amounted to approximately HK$8,477,000 (2009: approximately HK$622,000).

9. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Computer equipment and software HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 31 December 2009 and 1 January 2010 (Audited)	1,160	952	525	183	3,556	6,376
Exchange differences	-	1	-	-	-	1
Additions	-	39	-	-	234	273
Disposals	-	(38)	-	-	(192)	(230)
At 30 June 2010 (Unaudited)	**1,160**	**954**	**525**	**183**	**3,598**	**6,420**
Accumulated depreciation						
At 31 December 2009 and 1 January 2010 (Audited)	708	698	192	104	1,143	2,845
Exchange differences	-	-	-	-	-	-
Depreciation for the period	234	71	50	13	437	805
Disposals	-	(38)	-	-	(84)	(122)
At 30 June 2010 (Unaudited)	**942**	**731**	**242**	**117**	**1,496**	**3,528**
Carrying values						
At 30 June 2010 (Unaudited)	**218**	**223**	**283**	**66**	**2,102**	**2,892**
At 31 December 2009 (Audited)	452	254	333	79	2,413	3,531

10. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	As at 30 June 2010 HK$'000 (Unaudited)	As at 31 December 2009 HK$'000 (Audited)
Unlisted shares, at cost	**298,401**	298,401
Share of post-acquisition losses, net of dividends	**(7,184)**	(8,141)
Exchange differences	**14**	-
Less: Impairment losses recognised	**(287,550)**	(287,550)
	3,681	2,710

Included in the cost of the interest in a jointly-controlled entity was goodwill amounting to HK$196,119,000 arising from the acquisition of Qian An, which was fully impaired as at both 30 June 2010 and 31 December 2009.

10. INTEREST IN A JOINTLY-CONTROLLED ENTITY (Continued)

Particulars of the jointly-controlled entity are summarised as follows:

Name	Place of incorporation	Principal activities	Interest indirectly held
Qian An Oil Development Co., Ltd.	PRC	Exploitation of petroleum resources activities and production of petroleum	50%

11. OIL AND GAS PROPERTIES

	As at 30 June 2010 HK$'000 (Unaudited)	As at 31 December 2009 HK$'000 (Audited)
At cost		
At beginning of the period / year	**1,022,216**	860,734
Additions	**3,815**	15,693
Exchange differences	**4,936**	145,789
At end of the period / year	**1,030,967**	1,022,216

12. TRADE RECEIVABLES

	As at 30 June 2010 HK$'000 (Unaudited)	As at 31 December 2009 HK$'000 (Audited)
Trade receivables	**-**	14
Less: Allowance for doubtful debts	**-**	-
	-	14

The Group's trading terms with its customers are mainly on credit for which the credit period is generally for a period of 30 to 60 days.

An aging analysis of the trade receivables of the Group (net of impairment losses for trade receivables) as at the balance sheet date, based on invoice date, is as follows:

	As at 30 June 2010 HK$'000 (Unaudited)	As at 31 December 2009 HK$'000 (Audited)
Within 30 days	**-**	14

13. SHARE CAPITAL

	Number of ordinary shares		Nominal value	
	Six months ended 30 June 2010 '000 (Unaudited)	Year ended 31 December 2009 '000 (Audited)	**Six months ended 30 June 2010 HK$'000 (Unaudited)**	Year ended 31 December 2009 HK$'000 (Audited)
Authorised				
As at beginning and end of period / year Ordinary shares of HK$0.0025 each	**20,000,000**	20,000,000	**50,000**	50,000
Issued and fully paid				
As at beginning of period / year Ordinary shares of HK$0.0025 each	**2,431,961**	2,336,881	**6,080**	5,842
Issue of new shares upon exercise of share options on 20 July 2009	**-**	80	**-**	-
Issue of new shares upon exercise of share options on 7 August 2009	**-**	1,400	**-**	4
Issue of shares for acquisition of a subsidiary	**-**	93,600	**-**	234
As at end of period / year Ordinary share of HK$0.0025 each	**2,431,961**	2,431,961	**6,080**	6,080

14. DEFERRED TAX LIABILITIES

	Oil and gas properties	
	Six months ended 30 June 2010 HK$'000 (Unaudited)	Year ended 31 December 2009 HK$'000 (Audited)
At beginning of the period / year	**240,941**	206,578
Exchange differences	**1,166**	34,363
At end of the period / year	**242,107**	240,941

15. TRADE PAYABLES

An aging analysis of the trade payables of the Group as at the balance sheet date, based on invoice date, is as follows:

	As at 30 June 2010 HK$'000 (Unaudited)	As at 31 December 2009 HK$'000 (Audited)
Within 30 days	**69**	6,890
Between 31 - 60 days	**-**	2,259
Over 60 days	**2,832**	4,458
	2,901	13,607

16. RELATED PARTY TRANSACTIONS

Particulars of significant transactions between the Group and related parties during the periods were as follow:

	For the six months ended 30 June	
	2010 HK$'000 (Unaudited)	2009 HK$'000 (Unaudited)
Petromin *(Note (i))*		
- Professional fees and disbursement *(Note (ii))*	**368**	646
Y&K Printing Company *(Note (iii))*		
- Provision of printing services	**-**	28

Key management compensation, including share-based payments and accrued bonuses, amounted to approximately HK$10,351,000 for the six months ended 30 June 2010 (2009: HK$7,979,000).

Notes:

(i) Mr. Chan Wing Him Kenny and Dr. Arthur Ross Gorrell, executive Directors of the Company, have certain interests in Petromin as set out in the section headed "Competing Business and Conflicts of Interest".

The Company also held approximately 3% equity interests in Petromin, and Dragon Bounty Company Limited, a wholly-owned subsidiary of the Company, held certain convertible debentures issued by Petromin. The debenture is convertible into 3,150,000 common shares of Petromin.

(ii) Petromin provides accounting, promotional, geological, technical, general and executive management services to TWE on an as-required basis. Also, from time to time, the Group reimburses Petromin for miscellaneous expenses such as travelling and accommodation costs paid on the Group's behalf at cost.

(iii) Mr. Tam Hang Chuen, an independent non-executive Director of the Company, has beneficial interests in Y&K Printing Company.

17. OPERATING LEASES COMMITMENT

	As at 30 June 2010 HK$'000 (Unaudited)	As at 31 December 2009 HK$'000 (Audited)
Within one year	**2,631**	3,192
After one year but within five years	**1,526**	2,553
	4,157	5,745

18. CAPITAL COMMITMENT

	As at 30 June 2010 HK$'000 (Unaudited)	As at 31 December 2009 HK$'000 (Audited)
Other commitments contracted for but not provided in the unaudited consolidated financial statements in respect of:		
- PSC *(Note (i))*	**10,140**	10,140
- JV Agreement *(Note (ii))*	**1,325**	1,325
	11,465	11,465

Notes:

(i) The amount of approximately US$1,300,000 (equivalent to HK$10,140,000) represents the minimum work obligations as at 30 June 2010 (2009: US$1,300,000 (equivalent to HK$10,140,000)), as required by the PSC to be incurred before the end of February 2011.

(ii) Pursuant to the JV Agreement, the Company would contribute RMB3,460,000 (approximately HK$3,737,000) jointly with Petromin for the engineering design and study, simulation technology and analysis, materials and salaries etc in the first phase. An additional RMB15,000,000 or more would be funded in the second phase. The capital contribution of each party in the second phase would be further determined.

19. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 25 July 2010, Aces Diamond entered into a subscription agreement with TWE in respect of the subscription for 90,000,000 units of TWE at an aggregate amount of C$4,500,000. Each unit consists of a common share, a C warrant (with an exercise price of C$0.07 each) and a D warrant (with an exercise price of C$0.10 each). Each C warrant and D warrant entitles the holder to purchase one TWE common share within two and three years, respectively, following the date of issuance of such warrants. Upon completion of the subscription for 90,000,000 units, the Company's indirect effective controlling interest in TWE will increase to approximately 71.61% of the issued common shares and preferred shares in the capital of TWE.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2010, the interests and short positions of each Director and chief executive of the Company, if any, in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("**SFO**")) which (i) 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 which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Interests or short positions of Directors in ordinary shares and underlying shares of the Company

Name	Long / Short positions	Capacity	Nature of interests	Number of shares held	Number of underlying shares held	Total	Approximate % of shareholding
Chan Wing Him Kenny	(i) Long positions	(i) Interest of a controlled corporation	(i) Corporate interest	(i) 985,680,000 *(Note 1)*	-	985,680,000	
	(ii) Short positions	(ii) Interest of a controlled corporation	(ii) Corporate interest	(ii) 200,000,000 *(Note 2)*	-	200,000,000	
	(iii) Long positions	(iii) Beneficial owner	(iii) Personal interest	(iii) 1,756,000	(iii) 20,347,200	22,103,200	
				1,187,436,000	20,347,200	1,207,783,200	49.66%
Arthur Ross Gorrell	Long positions	Beneficial owner	Personal interest	2,625,000	4,700,000	7,325,000	0.30%
David Tsoi	Long positions	Beneficial owner	Personal interest	-	750,000	750,000	0.03%
Lo Chi Kit	Long positions	Beneficial owner	Personal interest	-	600,000	600,000	0.02%
Tam Hang Chuen	Long positions	Beneficial owner	Personal interest	1,000,000	100,000	1,100,000	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 985,680,000 shares held by Colpo.*

2. *Pursuant to the Note Instrument executed between Colpo and Green Island, Green Island is entitled to exchange for up to 200,000,000 shares in the Company held by Colpo at an exercise price of HK$0.88 per share, subject to adjustment, within an exercise period of three (3) years commencing from 12 April 2010 to 12 April 2013. As the entire issued share capital of Colpo is beneficially owned by Mr. Chan Wing Him Kenny, he is therefore deemed to be interested in 200,000,000 shares held by Colpo.*

Long positions of Director in common shares and underlying shares of TWE

Name	Capacity	Nature of interests	Number of common shares held	Number of underlying shares held	Total	Approximate % of shareholding
Arthur Ross Gorrell	Beneficial owner	Personal interest	-	3,000,000	3,000,000	1.28%

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 30 June 2010, none of the Directors and chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation that (i) 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 which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDER'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2010, the interests and short positions of 10% or more of the issued share capital of the Company held by the following party (other than a Director or chief executive of the Company) recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

Interests or short positions in ordinary shares of the Company

Name	Long / Short positions	Capacity	Number of shares held	Approximate % of shareholding
Colpo	(i) Long positions	(i) Beneficially owned	(i) 985,680,000 *(Note 1)*	40.53%
	(ii) Short positions	(ii) Beneficially owned	(ii) 200,000,000 *(Note 2)*	8.22%
		Total:	1,185,680,000	48.75%

Notes:

1. *The entire issued share capital of Colpo was 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 985,680,000 shares in the Company held by Colpo. Mr. Chan Wing Him Kenny's indirect interests in 985,680,000 shares in the Company held through Colpo have also been set out in the above section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures".*

2. *Pursuant to the Note Instrument executed between Colpo and Green Island, Green Island is entitled to exchange for up to 200,000,000 shares in the Company held by Colpo at an exercise price of HK$0.88 per*

share, subject to adjustment, within an exercise period of three (3) years commencing from 12 April 2010 to 12 April 2013. As the entire issued share capital of Colpo was solely and beneficially owned by Mr. Chan Wing Him Kenny, he is therefore deemed to be interested in 200,000,000 shares in the Company held by Colpo. Mr. Chan Wing Him Kenny's indirect interests in 200,000,000 shares in the Company held through Colpo have also been set out in the above section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures".

Save as disclosed above, as at 30 June 2010, no person (other than the Directors whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above) had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SHARE OPTION SCHEMES

The purpose of the Share Option Scheme and the TWE Scheme (hereinafter defined) is to enable the Group to recognise the contribution of the participants to the Group and to motivate the participants to continuously work to the benefit of the Group by offering the participants an opportunity to have personal interest in the share capital of the Company and TWE.

1) Share option scheme of the Company

On 25 January 2003, the Share Option Scheme was approved pursuant to written resolutions of the Company. Details of movement of the options granted under the Share Option Scheme for the six months ended 30 June 2010 were as follows:

Movement in the Share Option Scheme

Name or category of participants	Date of grant	Exercise period	Exercise price per share (HK$)	As at 1 January 2010	Granted during the period	Lapsed / cancelled during the period	Exercised during the period	As at 30 June 2010
Executive Directors								
Chan Wing Him Kenny	29/12/2006	29/12/2006 to 24/01/2013	0.0635[(1)]	15,847,200[(1)]	-	-	-	15,847,200[(1)]
	22/06/2007	22/06/2007 to 24/01/2013	1.365[(2)]	2,000,000[(2)]	-	-	-	2,000,000[(2)]
	19/06/2008	19/06/2010 to 19/06/2018	0.2316	500,000[(3)]	-	-	-	500,000[(3)]
	15/06/2009	15/06/2011 to 15/06/2019	0.73	2,000,000[(3)]	-	-	-	2,000,000[(3)]
Arthur Ross Gorrell	22/06/2007	22/06/2007 to 24/01/2013	1.365[(2)]	1,500,000[(2)]	-	-	-	1,500,000[(2)]
	29/10/2007	29/10/2007 to 24/01/2013	2.44	700,000	-	-	-	700,000
	19/06/2008	19/06/2010 to 19/06/2018	0.2316	500,000[(3)]	-	-	-	500,000[(3)]
	15/06/2009	15/06/2011 to 15/06/2019	0.73	2,000,000[(3)]	-	-	-	2,000,000[(3)]
Independent non-executive Directors								
David Tsoi	15/06/2009	15/06/2011 to 15/06/2019	0.73	750,000[(3)]	-	-	-	750,000[(3)]
Lo Chi Kit	15/06/2009	15/06/2011 to 15/06/2019	0.73	600,000[(3)]	-	-	-	600,000[(3)]
Tam Hang Chuen	15/06/2009	15/06/2011 to 15/06/2019	0.73	100,000[(3)]	-	-	-	100,000[(3)]
				26,497,200	-	-	-	26,497,200

Name or category of participants	Date of grant	Exercise period	Exercise price per share (HK$)	As at 1 January 2010	Granted during the period	Lapsed / cancelled during the period	Exercised during the period	As at 30 June 2010
Other employees								
In aggregate	26/04/2007	26/04/2007 to 24/01/2013	0.579[(2)]	40,000[(2)]	-	-	-	40,000[(2)]
	19/06/2008	19/06/2010 to 19/06/2018	0.2316	9,450,000[(3)]	-	(600,000)	-	8,850,000[(3)]
	15/06/2009	15/06/2011 to 15/06/2019	0.73	7,265,000[(3)]	-	(1,140,000)	-	6,125,000[(3)]
	06/10/2009	06/10/2011 to 06/10/2019	0.75	60,000[(3)]	-	-	-	60,000[(3)]
	04/02/2010	04/02/2012 to 04/02/2020	0.514	-	13,380,000[(3)]	-	-	13,380,000[(3)]
				16,815,000	13,380,000	(1,740,000)	-	28,455,000
Others								
In aggregate	20/03/2007	20/03/2007 to 24/01/2013	0.1125[(1)]	15,840,000[(1)]	-	-	-	15,840,000[(1)]
	26/04/2007	26/04/2007 to 24/01/2013	0.579[(2)]	1,000,000[(2)]	-	-	-	1,000,000[(2)]
	22/06/2007	22/06/2007 to 24/01/2013	1.365[(2)]	13,000,000[(2)]	-	-	-	13,000,000[(2)]
	29/10/2007	29/10/2007 to 24/01/2013	2.44	23,500,000	-	-	-	23,500,000
	19/06/2008	19/06/2010 to 19/06/2018	0.2316	500,000[(3)]	-	-	-	500,000[(3)]
	15/06/2009	15/06/2011 to 15/06/2019	0.73	20,000,000[(3)]	-	-	-	20,000,000[(3)]
	06/10/2009	06/10/2011 to 06/10/2019	0.75	350,000[(3)]	-	-	-	350,000[(3)]
	04/02/2010	04/02/2012 to 04/02/2020	0.514	-	50,250,000[(3)]	-	-	50,250,000[(3)]
				74,190,000	50,250,000	-	-	124,440,000
			Total:	117,502,200	63,630,000	(1,740,000)	-	179,392,200[(4)]
Weighted average exercise price per share (HK$)				0.95	0.51	0.56	-	0.80

Notes:

(1) The exercise price and number of share options were adjusted upon the first and second subdivisions of shares of the Company which came to effect on 18 April 2007 and 29 August 2007, respectively.

(2) The exercise price and number of share options were adjusted upon the second subdivision of shares of the Company which came to effect on 29 August 2007.

(3) 50% of the share options are exercisable in a period commencing two years from the date of grant and expiring on the tenth anniversary from the date of grant. The balance of 50% of the share options are exercisable in a period commencing three years from the date of grant and expiring on the tenth anniversary from the date of grant.

(4) As at 30 June 2010, the Company had 179,392,200 (31 December 2009: 117,502,200) share options outstanding under the Share Option Scheme, which represented approximately 7.38% (31 December 2009: 4.83%) of the Company's shares in issue on that date.

(5) During the six months ended 30 June 2010, 63,630,000 share options were granted on 4 February 2010. The closing price of the Company's shares at the date of which the aforesaid share options were granted was HK$0.510.

2) Share option scheme of TWE

On 8 April 2009, TWE adopted a share option scheme ("**TWE Scheme**") which was approved by shareholders in the Company's annual general meeting held on 20 April 2009. As at 30 June 2010, no share options were granted under the TWE Scheme.

Prior to the adoption of the TWE Scheme, pursuant to the articles of TWE, a total of 12,850,000 incentive stock options ("**TWE Options**") were granted by TWE to certain of its directors and consultants to subscribe for common shares of TWE on 27 August 2008.

Details of movement of the TWE Options for the six months ended 30 June 2010 were as follows:

Movement in the TWE Options

Name or category of participants	Date of grant	Exercise period	Exercise price per share (C$)	As at 1 January 2010	Granted during the period	Lapsed/ cancelled during the period	Exercised during the period	As at 30 June 2010
Director								
Arthur Ross Gorrell	27/08/2008	27/08/2008 to 27/08/2011	0.03	3,000,000	-	-	-	3,000,000
Others								
In aggregate	27/08/2008	27/08/2008 to 27/08/2011	0.03	9,850,000	-	-	-	9,850,000
			Total:	12,850,000	-	-	-	12,850,000

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the six months ended 30 June 2010.

COMPETING BUSINESS AND CONFLICTS OF INTEREST

During the six months ended 30 June 2010, Mr. Chan Wing Him Kenny, an executive Director of the Company, is a director and co-chairman of Petromin whilst Dr. Arthur Ross Gorrell, an executive Director of the Company, is a director, the president, co-chairman and chief executive officer of Petromin. As at 30 June 2010, Mr. Chan Wing Him Kenny directly and indirectly held 1,615,177 stock options entitling him to subscribe for 1,615,177 common shares in Petromin. Dr. Arthur Ross Gorrell held 2,243,193 common shares and 1,021,000 stock options entitling him to subscribe for 1,021,000 common shares in Petromin. Mr. Lo Chi Kit, an independent non-executive Director of the Company, held 262,500 common shares in Petromin.

Petromin is engaged in the business of acquisition and development of oil and gas properties. The Board considers that the business of Petromin competes, or is likely to compete, directly or indirectly, with the Group's business.

Save as disclosed above, none of the Directors of the Company or any of their respective associates had any interest in a business, which competes or may compete, either directly or indirectly, with the business of the Group.

DIRECTORS' SECURITIES TRANSACTIONS

On 23 March 2009, the Board adopted a revised code of conduct regarding securities transactions by the Directors ("**Model Code**") on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all Directors, the Directors have complied with the Model Code throughout the six months ended 30 June 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, save as disclosed below, the Company has complied with the code provisions of the Code on Corporate Governance Practices ("**CG Code**") set out in Appendix 15 to the GEM Listing Rules, throughout the six months ended 30 June 2010:

1. Under Code Provision A.2.1 of the CG Code, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chan Wing Him Kenny, an executive Director of the Company, serves both roles as the chairman of the Board and the CEO of the Group since May 2008. The Board is of the view that this has not compromised accountability and independent decision-making for the following reasons:

    - The independent non-executive Directors ("**INEDs**") form the majority of the Board.
    - The Audit Committee of the Company ("**Audit Committee**") composed exclusively of INEDs.
    - The INEDs have free and direct access to the Company's external auditors and independent professional advice when considered necessary.

2. Under Code Provision E.1.3 of the CG Code, listed issuers are recommended to give at least 20 clear business days of notice to shareholders for annual general meetings. Since the Company and the auditor required more time to, among other things, finalise prior period adjustments following the change of auditor and the preliminary findings of the audit of the Group, the Company has not given at least 20 clear business days of notice to its shareholders for the annual general meeting held on 12 April 2010 ("**AGM**"). However, the Company, in accordance with the requirements under its articles of association, gave at least 21 days' notice to its shareholders before the convening of the AGM. The Board is of the view that this has not caused any prejudice to the shareholders of the Company.

AUDIT COMMITTEE

The Audit Committee comprises three INEDs, namely, Mr. David Tsoi, Mr. Lo Chi Kit and Mr. Tam Hang Chuen, with Mr. David Tsoi as the chairman.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and the effectiveness of the Group's internal controls and risk management. The Group's unaudited results for the six months ended 30 June 2010 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such financial statements complied with the applicable accounting standards and requirements of the Stock Exchange and legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 10 August 2010

As at the date of this announcement, the Directors are:

Executive Directors
Mr. Chan Wing Him Kenny
Dr. Arthur Ross Gorrell

Independent non-executive Directors
Mr. David Tsoi
Mr. Lo Chi Kit
Mr. Tam Hang Chuen

*This announcement will remain on the website of GEM at www.hkgem.com on the "**Latest Company Announcements**" page for at least 7 days from the date of publication and the website of the Company at www.enviro-energy.com.hk.*