Genesis Energy Holdings Limited
創 新 能 源 控 股 有 限 公 司

(incorporated in Bermuda with limited liability)
(Stock Code: 702)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

The board of directors (the "Board") of Genesis Energy Holdings Limited (the "Company") announces that the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2009 were as follows:

CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2009

(Expressed in Hong Kong Dollars)

	Notes	**2009 (unaudited) HK$'000**	2008 (unaudited) HK$'000
Continuing operations			
Turnover	4	**28,831**	19,426
Direct cost		**(19,330)**	(14,142)
Gross profit		**9,501**	5,284
Other income	5	**541**	579
Other gains	6	**1,056**	-
Administrative and other operating expenses		**(11,565)**	(9,295)
Loss from operations		**(467)**	(3,432)
Finance costs	7	**(200)**	(44)
Share of profit of a jointly controlled entity		**1,906**	-
Profit / (loss) before taxation	7	**1,239**	(3,476)
Income tax	8	**(962)**	(698)
Profit / (loss) for the period from continuing operations	4	**277**	(4,174)
Discontinued operations			
Loss for the period from discontinued operations	4	**-**	(3,570)
Profit / (loss) for the period		**277**	(7,744)

CONSOLIDATED INCOME STATEMENT *(continued)*
For the six months ended 30 June 2009
(Expressed in Hong Kong Dollars)

	Notes	**2009 (unaudited) HK$'000**	2008 (unaudited) HK$'000
Attributable to			
Continuing and discontinued operations			
- Equity holders of the Company		**277**	(7,744)
- Minority interests		**-**	-
		277	(7,744)

		HK$ (cents)	HK$ (cents)
Profit / (loss) per share - Basic	10(a)		
From continuing and discontinued operations		**0.0064**	(0.1833)
From continuing operations		**0.0064**	(0.0988)
From discontinued operations		**N/A**	(0.0845)
Profit / (loss) per share – Diluted	10(b)		
From continuing and discontinued operations		**0.0062**	N/A
From continuing operations		**0.0062**	N/A
From discontinued operations		**N/A**	N/A

The notes on pages 6 to 18 form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2009
(Expressed in Hong Kong Dollars)

	2009 (unaudited) HK$'000	2008 (unaudited) HK$'000
Profit / (loss) for the period	**277**	(7,744)
Other comprehensive income / (loss) for the period		
Exchange differences on translation of financial statements of overseas subsidiaries	**(322)**	8,043
	(55)	299
Total comprehensive income / (loss) attributable to: -		
- Equity holders of the Company	**(55)**	299
- Minority interest	**-**	-
	(55)	299

The notes on pages 6 to 18 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2009
(Expressed in Hong Kong Dollars)

	Notes	At 30 June 2009 (Unaudited) HK$'000	At 30 June 2009 (Unaudited) HK$'000	At 31 December 2008 (audited) HK$'000	At 31 December 2008 (audited) HK$'000
Non-current assets					
Property, plant and equipment	11		**84,500**		42,300
Prepaid lease payments			**1,082**		1,233
Intangible assets	12		**62,484**		48,673
Investment in a jointly controlled entity	13		**17,034**		15,128
Available-for-sale investments			**-**		1,431
Pledged deposits			**2,316**		2,316
Deposits paid			**2,084**		2,084
			169,500		113,165
Current assets					
Inventories		**89**		51	
Trade and other receivables	14	**13,838**		2,716	
Deposits and prepayment		**3,668**		987	
Note receivable		**-**		13,500	
Cash and cash equivalents		**18,776**		19,622	
		36,371		36,876	
Current liabilities					
Account and other payables	15	**(29,372)**		(16,532)	
Other loan	16	**(2,825)**		-	
Provision		**(338)**		(338)	
Taxation		**(641)**		(742)	
		(33,176)		(17,612)	
Net current assets			**3,195**		19,264
Total assets less current liabilities			**172,695**		132,429
Non-current liabilities					
Loan from a controlling shareholder	17		**(25,000)**		-
NET ASSETS			**147,695**		132,429
CAPITAL AND RESERVES					
Share capital	18		**43,721**		42,269
Reserves			**103,852**		90,038
Total equity attributable to equity holders of the Company			**147,573**		132,307
Minority interests			**122**		122
TOTAL EQUITY			**147,695**		132,429

The notes on pages 6 to 18 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 June 2009
(Expressed in Hong Kong Dollars)

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net cash outflow from operating activities	**(3,660)**	(3,776)
Net cash outflow from investing activities	**(37,552)**	(16,426)
Net cash outflow before financing activities	**(41,212)**	(20,202)
Net cash inflow / (outflow) from financing activities	**40,366**	(38,375)
Net decrease in cash and cash equivalents	**(846)**	(58,577)
Cash and cash equivalents at 1 January	**19,622**	111,224
Cash and cash equivalents at 30 June	**18,776**	52,647
Analysis of the balances of cash and cash equivalents		
Bank balance and cash	**18,776**	52,647

The notes on pages 6 to 18 form part of this interim financial report.

1. BASIS OF PREPARATION

The interim financial report of Genesis Energy Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with the Hong Kong Accounting Standard ("HKASs") 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. This interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2008 annual financial statements. The consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

This interim financial report is unaudited, but has been reviewed by the Company's Audit Committee.

The financial information relating to the financial year ended 31 December 2008 that is included in this interim financial report as being previously reported information does not constitute the Group's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2008 are available from the Company's head office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 17 April 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements, which have been prepared in accordance with all applicable HKFRSs, which collectively term includes all applicable individual HKFRSs, HKASs and interpretation issued by HKICPA, accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules.

The financial statements are presented in Hong Kong dollars which is the functional currency of the Company. All financial information presented in Hong Kong dollars is rounded to the nearest thousand unless otherwise stated.

(Expressed in Hong Kong Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The HKICPA has issued a number of amendments, new and revised HKFRSs, which term collectively included HKASs and Interpretations that are first effective or available for early adoption for accounting periods beginning on or after 1 January 2009. In the current period, the Group has applied for the first time the following new standards, amendments and interpretation ("new HKFRSs") issued by HKICPA which are effective for the current period.

Amendment to HKAS 32 and HKAS 1	Puttable Financial Instruments and Obligation Arising on Liquidation
Amendments to HKFRS 1 and HKAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to HKFRS 2	Share-based Payment – Vesting Condition and Cancellation
Amendments to HKFRS 7	Improving Disclosures about Financial Instruments
Amendments to HK (IFRIC) - Interpretation 9 and HKAS 39	Embedded Derivatives
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK (IFRIC) – Interpretation 15	Agreements for the Construction of Real Estate
HK (IFRIC) – Interpretation 16	Hedges of a Net Investment in a Foreign Operation

The adoption of these new/revised HKFRSs has no significant effect on the Group's reported results and financial position. Accordingly, no prior period adjustment has been recognised. However, the adoption of HKAS 1 (revised in 2007) and HKFRS 8, as detailed in Note 4, have resulted in certain presentational changes in the Group's interim financial statements. Comparative figures have been restated or included in order to achieve a consistent presentation.

HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. The Group selected to present all items of income and expenses, other than transactions with owner, in the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income and adopted the revised title "Consolidated Statement of Financial Position" for "Consolidated Balance Sheet".

(Expressed in Hong Kong Dollars)

3. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2009

Up to the date of issue of this interim financial report, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period ended 31 December 2009 and which have not been adopted in this interim financial report.

Of these developments, the following relate to matters that may be relevant to the Group's operations and financial statements:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
Amendments to HKAS 39	Eligible hedged items[1]
Amendments to HKFRS 1	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters[3]
Amendments to HKFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[1]
HKFRS 3 (Revised)	Business Combinations[1]
HK (IFRIC) – Interpretation 17	Distribution of Non-cash Assets to Owners[1]
HK (IFRIC) – Interpretation 18	Transfer of Assets from Customers[4]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010 as appropriate
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for transfers of assets from customers received on or after 1 July 2009

Management is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that while the adoption of them may result in new or amended disclosures, it is unlikely to have a significant impact on the Group's results of operations and financial position.

4. TURNOVER AND SEGMENT REPORTING

On first-time adoption of HKFRS 8 – Operating Segments and in a manner consistent with the way in which information is reported internally to the Group's management for the purposes of resources allocation and performance assessment, the Group has identified the following two operating divisions:-

(i) Natural gas and LPG: The operation of gas refilling stations supplying natural gas and liquefied petroleum gas ("LPG") for vehicle use and sale of LPG for vehicle use.

(ii) Oil exploitation: Exploitation and sale of crude oil.

The Group's operation of natural gas pipeline network in the People's Republic of China (the "PRC") was discontinued during the year 2008 as a result of disposal of a subsidiary. There are no sales or trading transactions between the business segments. Segment information about these businesses is set out as follows:-

For the period ended 30 June 2009

	Continuing operations			Discontinued operations	
	Natural gas and LPG HK$'000	**Oil exploitation HK$'000**	**Total HK$'000**	**Operation of natural gas pipeline network HK$'000**	**Consolidated HK$'000**
Turnover -					
Revenue from external customers	18,693	10,138	28,831	-	28,831
Segments results	4,602	2,067	6,669	-	6,669
Unallocated operating income and expenses			(7,136)	-	(7,136)
Loss from operations			(467)	-	(467)
Finance costs			(200)	-	(200)
Share of profit of a jointly controlled entity			1,906	-	1,906
Profit before taxation			1,239	-	1,239
Taxation			(962)	-	(962)
Profit for the period			277	-	277

4. TURNOVER AND SEGMENT REPORTING *(Continued)*

For the period ended 30 June 2008

	Continuing operations			Discontinued operations	
	Natural gas and LPG HK$'000	**Oil exploitation HK$'000**	**Total HK$'000**	**Operation of natural gas pipeline network HK$'000**	**Consolidated HK'000**
Turnover -					
Revenue from external customers	17,212	2,214	19,426	500	19,926
Segments results	4,791	563	5,354	(3,570)	1,784
Unallocated operating income and expenses			(8,786)	-	(8,786)
Loss from operations			(3,432)	(3,570)	(7,002)
Finance costs			(44)	-	(44)
Share of profit of a jointly controlled entity			-	-	-
Loss before taxation			(3,476)	(3,570)	(7,046)
Taxation			(698)	-	(698)
Loss for the period			(4,174)	(3,570)	(7,744)

5. OTHER INCOME

	Six months ended 30 June	
	2009 HK$'000	2008 HK$'000
Continuing operations		
Interest income on bank deposits	**8**	546
Rental income	**291**	-
Others	**242**	33
	541	579
Discontinued operations	**-**	-
	541	579

6. OTHER GAINS

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Continuing operations		
Gain on disposal of available-for-sale investments	**1,056**	-
Discontinued operations	**-**	-
	1,056	-

7. PROFIT / (LOSS) BEFORE TAXATION

Profit / (loss) before taxation is arrived at after charging:

	Six months ended 30 June	
	2009	2008
	HK$'000	HK'000
a) Finance costs		
Continuing operations:		
Interest expenses on financial liabilities not at fair value through profit or loss - Interest on bank loans advances and other borrowing wholly repayable within five years	**200**	44
Discontinued operations:		
Interest expenses on financial liabilities not at fair value through profit or loss - Interest on bank loans advances and other borrowing wholly repayable within five years	**-**	**-**
	200	44
b) Staff costs (including director's remuneration)		
Continuing operations:		
Salaries, wages and other benefits	**5,128**	4,371
Contributions to defined contribution retirement plan	**131**	119
	5,259	4,490
Discontinued operations		
Salaries, wages and other benefits	-	**70**
Contributions to defined contribution retirement plan	-	**-**
	-	**70**

7. PROFIT / (LOSS) BEFORE TAXATION *(Continued)*

c) Other items	Six months ended 30 June **2009** **HK$'000**	2008 HK$'000
Continuing operations:		
Cost of inventories	**12,587**	11,219
Depreciation of property, plant and equipment	**4,329**	2,923
Amortization of		
- prepaid lease payments	**147**	80
- intangible assets	**462**	131
Operating lease charges: minimum lease payments		
- property rentals	**1,465**	1,173
Discontinued operations		
Depreciation of property, plant and equipment	**-**	4,000

8. INCOME TAX

Taxation in the consolidated income statement represents:

	Six months ended 30 June **2009** **HK$'000**	2008 HK$'000
Continuing operations		
Provision for PRC income tax	**962**	698
Discontinued operations	**-**	-
	962	698

a) Continuing Operation:

No provision for Hong Kong profits tax has been made in the financial statements as the Group did not derive any income subject to Hong Kong profits tax for the period ended 30 June 2009 and 2008. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the period.

Pursuant to the Income tax rules and regulations of the PRC, provision for the PRC enterprise income tax is calculated based on a statutory rate of 25% (2008:25%) on the assessable profit of the Group.

8. INCOME TAX *(Continued)*

b) Discontinued Operations:

No provision for Hong Kong profits tax or the PRC enterprise income tax has been made by the entity comprising the discontinued operations as this entity has no assessable profits during the period.

9. DIVIDENDS

The directors have not declared nor proposed any dividends in respect of the six months ended 30 June 2009 (2008: Nil).

10. EARNING / (LOSS) PER SHARE

a) Basic earning / (loss) per share

The calculation of basic earning / (loss) per share is based on the profit / (loss) attributable to equity holders of the Company of HK$277,000 (six months ended 30 June 2008: (HK$7,744,000)) and the weighted average of 4,335,206,000 ordinary shares (2008: 4,225,466,000 ordinary shares) in issue during the period, calculated as follows:-

	2009 HK$'000	2008 HK$'000
Continuing operations	**277**	(4,174)
Discontinuing operations	**-**	(3,570)
	277	(7,744)

Weighted average number of ordinary shares	**Number of shares**	
	At 30 June 2009 '000	At 30 June 2008 '000
Issued ordinary share at 1 January	**4,226,884**	4,224,884
Effect of issue of consideration shares	**53,247**	-
Effect of share options exercised	**55,075**	582
Weighted average number of ordinary shares at 30 June	**4,335,206**	4,225,466

10. EARNING / (LOSS) PER SHARE *(Continued)*

b) Diluted earning / (loss) per share

The calculation of diluted earning per share for the six months ended 30 June 2009 is based on the profit attributable to equity holders of the Company of HK$277,000 and the weighted average of 4,458,960,000 ordinary shares in issue during the period, calculated as follows:-

Weighted average number of ordinary shares	**Number of shares**
	At 30 June 2009 '000
Weighted average number of shares	**4,335,206**
Effect of share options exercised	**123,754**
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**4,458,960**

No disclosure of diluted loss per share for six months ended 30 June 2008 is presented as the Company's outstanding share options during the period had anti-dilutive effect on the basic loss per share from continuing and discontinued operations.

11. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2009, the Group incurred capital expenditure of property, plant and equipment with a cost of HK$46,529,000 (for the six months ended 30 June 2008: HK$14,081,000).

12. INTANGIBLE ASSETS

During the six months ended 30 June 2009, the Group acquired intangible asset with a cost of HK$14,273,000, representing an oil exploitation right in an oil field in the PRC (for the six months ended 30 June 2008: Nil).

13. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	At 30 June 2009 HK$'000	At 31 December 2008 HK$'000
Unlisted shares, at cost	**19,500**	19,500
Less: share of post acquisition losses	**(2,466)**	(4,372)
	17,034	15,128

14. TRADE AND OTHER RECEIVABLES

	At 30 June 2009 HK$'000	At 31 December 2008 HK$'000
Trade receivable	**6,602**	-
Amount due from a minority equity holder of a subsidiary	**5,773**	1,690
Other receivable	**1,463**	1,026
	13,838	2,716

Notes:

(i) All the trade receivable and other receivables are expected to be recovered within one year. Ageing analysis of trade receivable is as follows:

	At 30 June 2009 HK$'000	At 31 December 2008 HK$'000
Current (within 6 months)	**6,602**	-
	6,602	-

Debts are generally due within three to six months from the date of billing. The Group may, on a case by case basis and after evaluation of the business relationship and creditworthiness, extend the credit period upon customers' request. No impairment for bad and doubtful debts is provided for the trade receivable as at 30 June 2009 and the year ended 31 December 2008.

(ii) The amount due from a minority equity holder of a subsidiary is unsecured, interest free and has no fixed terms of repayment.

15. ACCOUNT AND OTHER PAYABLES

	At 30 June 2009 HK$'000	At 31 December 2008 HK$'000
Account payables and accrued charges	**8,107**	6,910
Deposit received on disposal of subsidiaries – note 22(a)	**1,500**	
Amount due to a controlling shareholder – note 20(b)	**19,765**	8,721
Amount due to directors	**-**	901
	29,372	16,532

Notes:

(i) All account payables and accruals are expected to be settled within one year or are repayable on demand.

(ii) The amount due to a controlling shareholder of the Company is unsecured, interest free and has no fixed terms of repayment.

16. OTHER LOAN

Other loan was unsecured and interest-bearing at 12% per annum. It was fully repaid in July 2009.

17. LOAN FROM A CONTROLLING SHAREHOLDER

The loan from a controlling shareholder of the Company is unsecured; interest-bearing at 4% per annum and is not required to be settled before 2011.

18. SHARE CAPITAL

During the six months ended 30 June 2009, the number of issued ordinary share of the Company was increased from 4,226,883,936 shares to 4,372,147,704 shares following the issue of 145,263,768 ordinary shares as result of the exercise of option to subscribe for 72,800,000 shares of the Company under the share option scheme and issue of 72,463,768 consideration shares.

19. COMMITMENTS

As at 30 June 2009, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2009 HK$'000	At 31 December 2008 HK$'000
Within 1 year	**1,185**	2,415
After 1 year but within 5 years	**27**	85
	1,212	2,500

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of one to two years without an extension option. None of the leases includes contingent rentals.

20. MATERIAL RELATED PARTY TRANSACTIONS

a) Amounts due from a minority equity holder of a subsidiary

The amount due from a minority equity holder of a subsidiary is disclosed in the note 14 to the financial statements.

b) Amounts due to a controlling shareholder

The amount due to a controlling shareholder of the Group is disclosed in the note 15 and note 17 to the financial statements.

c) Key management personnel remuneration

Details of compensation paid to key management personnel including the directors of the Company are as follows:-

	Six months ended 30 June	
	2009 HK$'000	2008 HK$'000
Salaries and other benefits including the contribution to defined contribution retirement plan	**2,392**	2,005

21. CONTINGENT LIABILITIES

The Group has oil exploitation operation in the United States of America ("the USA"). The USA has adopted environmental laws and regulations that affect the operation of the oil industry. The outcome of environmental liabilities under proposed or future environmental legislation cannot reasonably be estimated at present, and could be material. Under existing legislation, however, management believes that there are no probable liabilities that will have a material adverse effect on the financial position of the Group.

22. SUBSEQUENT EVENTS

a) Subsequent to the end of the reporting period, the Group disposed of its subsidiaries, which are principally engaged in the operation of gas refilling stations supplying natural gas and LPG, to a third party for a consideration of HK$21,000,000. Details of the transaction were disclosed in the Company's circular dated 22 June 2009.

b) Subsequent to the end of the reporting period, the Company issued convertible bonds in the principal amount of HK$25,000,000 due in 2013 at its face value pursuant to the Subscription Agreement dated 30 April 2009 between the Company and a controlling shareholder. The net proceeds from the convertible bonds of approximately HK$24,600,000 will be used for financing possible future investments of the Group and/or the general working capital of the Group. Details of the transaction were disclosed in the Company's circular dated 21 May 2009.

23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

Management Discussion and Analysis

BUSINESS REVIEW

For the six months ended 30 June 2009, the Board is pleased to announce that Genesis Energy Holdings Limited (the "Company" or "Genesis Energy") and its subsidiaries (collectively known as the "Group") recorded a turnover of HK$28.8 million (2008: HK$19.4 million) from continuing operations and profit for the period of HK$277,000 (2008: Loss of HK$7.7 million).

The Liu Luo Yu oil exploitation project located in Shaanxi, the PRC which the Group acquired in early this year has become a major driver for the Group's business in the first six months of 2009. The Group's two blocks of oil fields in the United States namely, Grassy Trails and Squaw Canyon have proven historical production record, the investment risk has therefore been reduced. However, due to the severe plunge and continuous low level of the international crude oil price during the first half of 2009, the performance of these two oil fields are yet to be improved.

Oil Exploitation

China

In February 2009, the Group has successfully acquired the Liu Luo Yu oil field located at Ganquan County, Shaanxi. This is a producing oil field with over 80 wells and a stable production of more than 1,000 tones each month. Due to the policy of regulated oil price in the PRC, the oil field is expected to have a stable contribution of cash flow to the Group. In addition to the income generated from the daily operations of the oil field, the Group may also benefit from the possible appreciation of value of oil and gas assets in future. Moreover, undergoing this oil exploitation project will enable the Group to have more extensive understanding and participation in the oil and gas industry in Shaanxi Province, the PRC, and the Group may further develop its business in this region when suitable opportunities arise. This oil field has been operating smoothly since acquisition and brought satisfactory returns to the Group during the period.

The United States

The acquisition of *Grassy Trails* oil field was completed in 2007. Grassy Trails oil field located in Emery County and Carbon County, Utah, with an area of approximately 26 km^2. The proven reserve of crude oil on Grassy Trails has been revised up to about 1.8 million barrels. This oil field has five wells in operation. During the period, it has operated smoothly and contributed stable income to the Group.

In June 2009, the Company has entered into a non-binding letter of intent with BayHill Capital Corporation ("BayHill") (OTC Bulletin Board: BYHL), a Delaware company whose shares are traded on the Bulletin Board. Pursuant to the letter of intent, the Group will enter into good faith negotiations for disposing the Grassy Trails oil field to BayHill in consideration of BayHill issuing certain amount of its shares. The exact amount of BayHill's shares and the percentage of shareholding in BayHill to be beneficially owned by the Group are still subject to further discussion and negotiations between different parties. As BayHill will be holding several oil and gas properties to be injected by the other parties in addition to holding of the Grassy Trails oil field, this transaction will in essence broaden the Group's oil and gas assets portfolio and provide an opportunity to share the potential business prospects of other oil assets while diversify the risks associated to Grassy Trails oil field.

The *Squaw Canyon* oil field was acquired by a joint venture formed by the Group and an oil company in Nevada in May 2008. This oil field locates in the Four Corners Area of Colorado, New Mexico, Utah and Arizona. The oil field encompasses an area of approximately 6.5 km^2, with historical oil production of approximately 114,000 barrels since 1984. According to our latest reserve report done in August 2008, the estimated proven reserve of the said oil field is approximately 700,000 barrels. As the said oil field has proven historical production record, the investment risk is relatively low. Rework on the existing wells has been done and there are two producing wells. During the period, this oil field has operated efficiently and generated a steady income stream for the Group.

Gas Refilling Stations

In May 2009, the Group entered into an agreement for the disposal of its 72%-owned subsidiary, Lejion Gas Co., Ltd. ("Lejion") for a consideration of HK$21 million. Lejion is principally engaged in operation of refilling stations supplying natural gas and liquefied petroleum gas for vehicle use in Korla, Xinjiang. The disposal was completed in July 2009. Due to the expected substantial increase in the cost of gas supply from second half year of 2009 onwards and the change of the policy of the local government enabling more competitors to step into the business of operating refilling stations of natural gas and liquefied petroleum gas, the business prospects of Lejion will be deteriorating. The Board considers that the disposal of Lejion is in the interests of the Company as it minimizes the potential loss and re-allocates the internal resources into developing other more promising business, particularly the upstream business in the oil and gas sector.

Renewable Energy Projects

The Group has been seeking investment opportunities in the energy sector in order to broaden the Group's business and enhance its base of earning. Rapid development of industry and luxurious raise of living standard make the energy shortage a worldwide concern whereas the PRC government has paid increasing attention to renewable energies. During the period under review, the Group has been working on the evaluation of renewable energy projects for possible future acquisitions, such as signing letters of intent with Jilin Provincial Government and four municipal governments in Henan Province, the PRC respectively on possible investments in building and operating waste incineration projects for electricity generation, and reviewing a possible biomass to energy project for electricity generation in Hubei Province, the PRC, etc.

EVENTS SUBSEQUENT TO THE PERIOD

Yanjiawan oil field, Shaanxi, the PRC

Subsequent to the end of the period under review, in early September 2009, the Group has acquired a mining right for exploitation of oil and natural gas of a producing oil field with 58 oil wells located in Yanjiawan, Shaanxi Province, the PRC with an aggregate exploitation area of approximately 12 km^2 at a total cash consideration of RMB31.8 million. The Group also has the right to identify, design and drill new oil and gas wells in such area. It is expected that this oil field can generate steady and satisfactory return to the Group. Due to the signs of the gradual economic recovery in the PRC and around the globe, the directors are optimistic about the sales of oil and gas in future.

FINANCIAL REVIEW

Turnover and Profit Attributable to Shareholders

Turnover from continuing operations for the Group for the six months ended 30 June 2009 increased by 48% to HK$28.8 million (2008: HK$19.4 million). Profit for the period was HK$277,000 (2008: loss of HK$7.7 million).

Turnover for the six months ended 30 June 2009 was mainly sourced from oil exploitation and natural gas refilling stations:

Turnover (HK$'000)	Six months ended 30 June 2009	Six months ended 30 June 2008	Change
Oil exploitation	10,138	2,214	↑ 357%
Gas refilling stations	18,693	17,212	↑ 8%
	28,831	19,426	↑ 48%

Liquidity, Financial Resources and Capital Structure

As at 30 June 2009, the net assets of the Group were HK$147.7 million (31 December 2008: HK$132.4 million) while its total assets were HK$205.8 million (31 December 2008: HK$150 million). As at 30 June 2009 and 31 December 2008, the Group's gross borrowings net of cash and bank balances was nil, therefore the gearing ratio based on total assets was 0% accordingly. The current ratio as at the end of the reporting period was 1.1 (31 December 2008: 2.1). In terms of the gearing ratio and current ratio, the balance sheet of the Group as at 30 June 2009 was sound and healthy, together with the anticipating cash flow from the upstream operation, it will place the Group in a strong financial position to take advantage of new attractive oil and gas and renewable energy investment opportunities that may arise.

Foreign Exchange Fluctuation

The Group is exposed to currency risk primarily through sales and purchases transactions and recognized assets and liabilities that are denominated in a currency other than the functional currency of the operations to which they relate. At 30 June 2009, no related hedges were made by the Group. In respect of trade and other receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

PROSPECTS

The impact of the global financial crisis on China's economy, the growing demand and concern of sustainable energy and the competitive environment of the oil and gas industry are the key factors that affect the future grow of the Group. Together with the Chinese Government's implementation of a series of measure to counter the above mentioned issues, it provides excellent opportunities for the Group to acquire quality assets at a reasonable price. It is expected that the world economy will maintain gradual but volatile growth while the Chinese economy will maintain rapid growth. The persistently high and fast growing demand for oil and gas will provide great chances for the business development of the Group. The Company will continue to focus on upstream oil operations to maximize return on capital employed. Further, The Board believes that there is enormous potential in the business of renewable energy and therefore has actively explored and assessed new business and investment opportunities with potential in the sector in order to bring long-term benefits to the Group.

To meet new opportunities associated with new challenges, our focus remains unchanged - we are still committed to build our Group into one of the leading players in energy sector in the greater China region, targeting at creating best possible value for our shareholders.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2009, the Group employed approximately 105 employees. The remuneration policies of the Group are based on the prevailing remuneration level in the market and the performance of respective companies and individual employees.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee, which comprises all Independent Non-executive Directors, has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim financial statements of the Company.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2009 except for Code Provision A.4.1 which requires that non-executive directors should be appointed for a specific term and subject to re-election. None of the existing Non-executive Directors (including Independent Non-executive Directors) of the Company is appointed for a specific term. However, as all of them are subject to the retirement provisions of the Bye-laws of the Company, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

By order of the Board
Genesis Energy Holdings Limited
Kong Siu Tim
Chairman

Hong Kong, 18 September 2009

As at the date of this announcement, the Board comprises three executive directors namely Mr. Kong Siu Tim, Mr. Jiang Rizhong and Mr. Wan Tze Fan Terence and three independent non-executive directors namely Mr. Ni Zhenwei, Mr. Yip Ching Shan and Mr. Wong Kwok Chuen Peter.