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

(Incorporated in the Cayman Islands with limited liability)
Website: http://www.enviro-energy.com.hk
(Stock Code: 1102)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

CHAIRMAN'S STATEMENT

I take pleasure in presenting the results for Enviro Energy International Holdings Limited ("**EE**" or the "**Company**", and together with its subsidiaries and jointly-controlled entity, the "**Group**") for the year ended 31 December 2010.

The year 2010 was a year that saw the major economies of the world slowly climb out of the recession of the previous period and while overall growth was frustratingly elusive, positive signs abounded including economic growth rates in the Asia Pacific region and in particular in the People's Republic of China ("**China**"). EE continues to focus on projects in China and overall results for the year were positive.

EE has a consistent business model underpinned by strategic principles that guide all our activities with the aim of growing shareholder value:

- **Disciplined Investment - Focus on Upstream Hydrocarbons**: provide the greatest investment leverage through resource discovery and development;

- **Emphasis on Shareholder Value**: drive high leverage capital investments, in both operated and non-operated projects;

- **Portfolio Optimisation**: maintain an active investigation and review of new project opportunities;

- **Resource and Reserve Growth**: create real value through discovery and development; illustrated by coalbed methane ("**CBM**") resource discovery and expansion; and

- **Research and Development:** commit to technology through participation in an appropriate scale of investment and with government support in selected advanced technology pilots.

We consistently applied these strategic principles during the past year and the key segments of our business in conventional petroleum and unconventional natural gas met performance goals for the year. The growth in EE's discovered CBM resources reflects our objective to create value in the upstream, where shareholders traditionally have the greatest leverage and where we best understand the risk profile.

Energy is the life blood of modern economies and we expect world energy demand, including demand in the Asia Pacific to continue to expand, driven by population growth and increasing prosperity across the region especially in areas such as China. Global investments in energy supply and infrastructure are expected to continue at a high pace, constrained only by the number of good opportunities.

We expect to see a strong emphasis on natural gas and view the situation in North America which has seen massive growth in natural gas production as demonstrating the value of upstream investments and the positive impact of new technologies. The North American shale gas developments now seem likely to impact global trade in liquefied natural gas ("**LNG**") as the continent has become not only self-sufficient in gas but looks to become an exporter. Large-scale LNG export project concepts emerging in the United States and Canada, actually reversals of proposed import projects, are being redesigned to export gas to Asia, including China. Such multi-billion dollar project schemes join projects proposed in Australia and elsewhere conceived to deliver gas to rapidly expanding gas market represented by China.

The investment activity provides acknowledgement of the soundness of EE's strategic principles and business model with recent focus on China. Certainly it demonstrates the exceptional value potential of our large-scale natural gas project located within China, on existing, operating infrastructure.

With such strong demand growth and demonstrated investments by the global majors, capital markets are showing intense interest in and support for the types of projects fostered by EE. I foresee great investment opportunities ahead, and over the next five years I expect EE will invest at record levels in order to deliver new projects and profitable growth.

EE's progress was clearly acknowledged during the year as it moved up to a main board listing on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") reflecting continuing corporate maturity and acceptance by the global financial community. The Stock Exchange is assisting Hong Kong's evolution to become the leading resource industry finance market in the world and we are pleased to be a participant.

None of our achievements would be possible without the talented, dedicated team of professionals who drive our success through their ingenuity and high standards. I would also take this opportunity to express my appreciation to our valued partners and business associates as well as you the shareholder for their and your encouraging support.

As the world emerges from the economic downturn and moves forward into an improved business environment, EE continues to look beyond today's circumstances to focus on the long term and opportunities that will ensure exceptional performance and profitable outcomes for shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

We are 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

EE indirectly owns 50% of Qian An Oil Development Co., Ltd. ("**Qian An**"), an equity joint venture company established in China. The other 50% of the equity interest of Qian An is beneficially owned by PetroChina Company Limited ("**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 year ended 31 December 2010, the crude oil price in China continued to maintain at a level ranging between approximately US$79 to US$91 per barrel. PetroChina, being the operator of the two oilfields of Qian An, namely Qian Shen 12 and Qian 209, continued to maintain annual production levels of approximately 114,000 barrels, representing a daily production of approximately 312 barrels.

The oilfield block at Qian An covers an area of approximately 15 square kilometers with an estimated original oil in place of approximately 21.7 million barrels and remaining recoverable reserves amounting to approximately 5 million barrels. Given its expertise in upstream energy business, the management held several meetings with PetroChina during the year ended 31 December 2010 on reviewing methods that could result in increases in proven reserves, oil recovery and production at the Qian An oilfields. Discussions are expected to continue in the year 2011.

Unconventional natural gas business

As at 31 December 2010, EE 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. As disclosed in more details in the Company's announcement dated 26 July 2010, 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, upon completion of the said subscription and assuming all warrants are exercised in full.

TWE holds a 47% interest in a CBM production sharing contract ("**PSC**"), which is located in the southern Junggar Basin of Xinjiang Uygur Autonomous Region ("**Xinjiang**"), China. TWE is the operator of the project which covers approximately 653 square kilometres (255 square miles or 163,200 acres). China United Coalbed Methane Corporation Limited ("**CUCBM**") holds 53% of the PSC which is now administered by PetroChina Coalbed Methane Co. Ltd., an indirect subsidiary of China National Petroleum Corporation ("**CNPC**").

In November 2010, the State Council of China granted CNPC, as one of the pilot corporations, the right to participate in CBM PSC's within the authorised area in China approved to CNPC by the State Council of China in cooperation with foreign entities. Such right was previously held exclusively by CUCBM.

TWE formally reported its first formal discovered CBM resources during the year with the issuance of a third party independent assessment of the CBM resources in a certain part of the PSC. The independent third party calculated discovered gas initially in place ("**Discovered GIIP**") and CBM Contingent Resources according to the Canadian NI51-101 standard of resource reporting. The maximum estimate showed Discovered GIIP of 0.514 trillion cubic feet ("**Tcf**") (approximately 14.3 billion cubic metres) and Contingent Resources of 0.244 Tcf for the evaluation area which covers approximately 30 square kilometres or approximately 5% of the total PSC area. The evaluation included specific coal seams from two target formations but did not include other gas-bearing rocks in the formations. The latest independent third party report was dated 3 November 2010 which was disclosed in the circular of the Company dated 9 December 2010 in relation to the transfer of listing of its shares from the Growth Enterprise Market ("**GEM**") to the Main Board of the Stock Exchange ("**Transfer**"). As at 31 December 2010, TWE was not aware of any material adverse change to such assessment.

During the year ended 31 December 2010, TWE initiated a program of evaluation utilising pilot production wells. The 2010 program involves drilling and production testing of up to ten pilot production wells. The wells are planned to produce CBM from target coal seams as well as natural gas from shale. Drilling was initiated in late September 2010 using three drilling rigs and three wells were drilled to total depth, logged and cased prior to the onset of winter weather. The 2010 program also included further testing of the LHG 08-01 well and the initiation of testing at the LHG 08-03 well. Water and CBM, which was flared, were produced. As wells complete initial testing the data will be compiled by EE's production engineers for reservoir modeling. When a pilot production well completes initial testing, operations are suspended pending decisions on further work which may include fracture stimulation of coal seams.

Cooperative relations

TWE works cooperatively with Xinjiang Oilfield Company ("**XOC**"), the Xinjiang operating affiliate of CNPC and PetroChina. TWE was offered and accepted the opportunity to sample target formation rocks taken from a deep exploration well drilled by XOC which will provide excellent additional data for future work. In January 2011, TWE provided a CBM geology and drilling seminar to personnel of XOC and various contractors in Karamay, Xinjiang.

Advanced production technologies

The Deep Unmineable Coal Carbon Dioxide ("$\mathbf{CO_2}$") Sequestration and Enhanced CBM Production Project ("**JV Project**") operated under the cooperative joint venture agreement dated 25 January 2008 ("**JV Agreement**") between EE, CUCBM and Petromin Resources Ltd. ("**Petromin**") continued to move ahead as planned during the year ended 31 December 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 EE and Petromin each holds a 20% participating interest.

During the year, the CO_2 injection and ECBM pilot production test was completed as planned with the successful injection of CO_2 followed by ECBM production. Reservoir data collection and analysis followed the testing. Reservoir simulation work and final analysis was ongoing at year-end and full test results and the plan for next steps will follow in the year 2011.

The JV Project is located in CUCBM's Shizhuang North block in the Qinshui Basin of Shanxi Province, China. The Qinshui Basin is one of the more prolific CBM producing regions in China and the coal seams in the basin are prospective for ECBM production. The pilot test area covers 1,152 acres (466 hectares or 5 square kilometres) within an area of 50 square kilometres of the North Shizhuang block where CUCBM exclusively holds 100% of CBM rights and which is a target area for a future multi-well expansion.

The CO_2 injection is the first ever such activity in China 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 China.

BUSINESS PROSPECTS

Conventional crude oil business

The Company's outlook for the crude oil business is positive for demand and price level.

Crude Oil Price: West Texas Intermediate ("**WTI**") oil prices rose steadily during the closing month of 2010 and closed at US$91 per barrel on 31 December after beginning the year at US$79 per barrel. This range exceeded expectations for the year as political turmoil began to emerge in the Mideast region late in 2010.

The US Energy Information Agency ("**EIA**") expects the price of WTI crude oil to average about US$102 per barrel in 2011 based on an expectation of continuing unrest in Libya and potentially other parts of the region. This forecast represents a US$9 per barrel increase over previous EIA short term estimates and reflects the dynamic situation in Egypt, Tunisia, Libya and elsewhere in the region. EIA's forecast assumes the United States gross domestic product ("**GDP**") grows by 3.3% in 2011, while world oil-consumption-weighted GDP grows by 3.8%.

The global oil market outlook remains largely unchanged from the previous few months in terms of demand and demand growth is based on expectations of continuing emergence of major economies from the recessionary environment of the previous period. Market tightening expectations are based on the potential for supply interruptions from the Mideast which if either eased or worsened will affect short term price levels.

The global economic outlook also remains substantially unchanged, with Asian countries showing positive economic growth and China maintaining its leading growth position. World oil prices had been expected to rise gradually as global economic growth lead to higher global oil demand and supply from non-OPEC oil countries lessened in 2011. The price volatility in 2011 will be greater than previously expected based on the political turmoil in the Mideast and the potential for larger price swings has increased.

Notwithstanding the short terms market fluctuations, EE continues to interpret the basic global and regional situation in petroleum as supporting its continued involvement in the upstream petroleum business in China and EE continually assesses opportunities for increased shareholder value from current operations.

Unconventional natural gas business

Unconventional natural gas is that category of natural gas which requires advanced production technologies when compared to conventional methods including sophisticated well completions and fracture stimulation processes. The category includes CBM and shale gas in addition to other sources. Unconventional natural gas has gained the spotlight internationally as shale gas production ramped up rapidly in North America leading to a balance in continental natural gas supply and demand and a potential oversupply such that price levels decreased and imports of LNG were negatively impacted. Both Canadian and United States suppliers now propose to export natural gas to international markets which represents a reversal of the previous situation.

China is considered one of the world's largest and fastest growing consumer markets for natural gas based on economic growth and government mandates to increase non-coal energy supply. At present China is not self sufficient in natural gas but holds the largest estimated CBM resources (and potentially other unconventional natural gas) in the world. Looking ahead, forecast demand for natural gas outstrips expected domestic supply in China by a wide margin and development of CBM and other unconventional natural gas resources is highly sought after, encouraged and supported by the central government. The demand / supply imbalance, current and future demand growth rates with the resulting need for imports have led to significant upward retail and wellhead natural gas price levels in the country. Domestic wellhead prices were increased 25% across the board during 2010 which will help spur continued domestic gas exploration, including for CBM and other unconventional natural gas sources. Exploration activity in the country has increased with global majors such as Shell and BP Plc undertaking new projects in various parts of the country.

During 2010 the central government of China also introduced new economic development policies for Xinjiang which have resulted in substantial increases in infrastructure construction and other investments accelerating economic development, including energy resource development. A specific target for such an economic policy is unprecedented in China.

TWE holds the first CBM PSC in the Junggar Basin, considered to be among the most prospective regions in China for CBM and other unconventional natural gas. The Junggar Basin is connected to the national natural gas pipeline grid of China via both the national 1st and 2nd West-East pipelines and the outstanding potential of the region is reflected in the fact that other large corporations are being attracted to invest, including BP Plc and Dart Energy Limited (formerly the international operating subsidiary of Arrow Energy Limited) which are beginning to undertake unconventional natural gas exploration there. EE continues to consider that unconventional natural gas exploration and development holds great potential for value creation.

International shale gas and CBM developments

Growth of shale gas production has been most significant in the United States to date, with shale gas production increasing eight times over the past decade. Shale gas production, accounting for approximately 14% of total domestic gas production in the United States and expected to grow to 45% by 2035 now exceeds CBM production which is currently at approximately 8%. The increase in technically recoverable (unproved) shale gas resources is staggering with EIA indicating that the estimate has increased to 827 Tcf from the 480 Tcf estimated in 2009. It is this resource estimate upon which forecast production estimates have been increased including production from the lower 48 states, which hold the major market regions of North America.

These vast resource figures continued to attract large-scale corporate investments in 2010. In early October, CNOOC China's offshore petroleum industry operator, paid US$1.1 billion plus committed to spend another US$1.1 billion for a stake in Chesapeake Energy Corp.'s Eagle Ford shale gas play, paying equivalent to US$10,100 per acre. Subsequently in early November, the global integrated energy corporation Chevron Corp. took an interest in Marcellus Basin shale with the acquisition of Pittsburgh-based Atlas Energy Inc. for US$4.3 billion in cash and debt, equivalent to US$14,360 per acre according to industry analysts.

PetroChina concluded a US$5.3 billion deal with Canada's EnCana Corporation to joint venture shale gas exploration, development and production in Canada. The deal includes current production and facilities and the parties plan to consider export possibilities from Canada's west coast to Asia.

The Liuhuanggou PSC covers an area of 163,200 acres and TWE's net interest of approximately 76,700 net acres in Xinjiang indicates to the board ("**Board**") of directors ("**Directors**") that its prospective shale gas play in China has significant potential value.

FINANCIAL REVIEW

Oil and gas segment

Conventional crude oil business

During the year ended 31 December 2010, the crude oil price in China continued to maintain at a level ranging between approximately US$79 to US$91 per barrel. PetroChina, being the operator of the two oilfields of Qian An, namely Qian Shen 12 and Qian 209, produced an aggregate of approximately 114,000 barrels (for the year ended 31 December 2009: 113,000 barrels), representing a daily production of approximately 312 barrels (for the year ended 31 December 2009: 308 barrels). As EE indirectly owns 50% of Qian An, the Group recorded an overall share of profit of Qian An for the year ended 31 December 2010, after taking into account depreciation and tax considerations, amounting to approximately HK$1.0 million (for the year ended 31 December 2009: loss of HK$3.3 million).

As at 31 December 2010, the management carried out a review of the recoverable amount of its interests in Qian An and did not consider an impairment loss to be necessary (for the year ended 31 December 2009: impairment loss of HK$59.7 million).

Non-conventional natural gas business

During the year ended 31 December 2010, EE's non-conventional natural gas businesses were still in exploration and evaluation phases.

For the year ended 31 December 2010, the capital expenditure incurred for EE's non-conventional natural gas businesses amounted to approximately HK$29.7 million. TWE initiated the 2010 program in September 2010, which involves drilling and production testing of up to ten pilot production wells. Once the results of the pilot production are available, which are expected to be in the first half of 2011, TWE will start finalising off-take arrangements with local gas suppliers and / or owners of the national pipelines. TWE also expects to initiate the regulatory approval process of the overall development plan once preliminary transportation and sales arrangements are in place, which is expected to be in the second half of 2011. TWE's plan is to follow the pilot CBM production with the development of a 30 wells CBM production project beginning in the first quarter of 2012. The project would represent the initial stage of a larger commercial development.

Information technology ("IT") and network infrastructure segment

During the year ended 31 December 2010, EE continued focusing its resources on energy-related business. The Group's revenue generated from its IT related businesses for the year ended 31 December 2010 amounted to approximately HK$0.4 million (for the year ended 31 December 2009: HK$0.3 million).

Administrative and operating expenses

For the year ended 31 December 2010, administrative and operating expenses amounted to approximately HK$101.8 million (for the year ended 31 December 2009: HK$44.1 million), representing an increase of approximately 131%. The significant increase was mainly due to (i) the increase in consultancy fees paid to consultants who have sourced and introduced professional investors to the Company and who have built and maintained good relationships with these investors; (ii) the increase in staff costs and bonuses, including Directors' emoluments; (iii) the impairment loss of available-for-sale investment of approximately HK$2.6 million; (iv) the provision for the amount due from Qian An of approximately HK$20.4 million; and (v) the increase in share-based payment expenses.

As at 31 December 2010, amount due from Qian An amounted to approximately HK$20.4 million. The management carried out an assessment on the recoverability of such amount. Since the amount has been outstanding for a prolonged period and the timing of the repayment remains uncertain, the management has decided to make a full provision for such amount in its consolidated income statement for the year ended 31 December 2010.

During the year ended 31 December 2010, share-based payment expenses amounting to HK$5.8 million in relation to share options granted to employees of the Group was charged to the consolidated income statement (2009: HK$2.0 million). The share-based payment expenses in relation to share options granted to non-employees amounted to HK$18.3 million, of which HK$15.0 million (2009: HK$2.5 million) was recorded as investor relations expenses and HK$3.3 million (2009: Nil) was recorded as technical consultancy expenses in the consolidated income statement. These non-employees mainly comprise (i) independent consultants who will assist in the marketing and promotion of EE in terms of investors' relations; and (ii) independent expert industry consultants who will provide advices in relation to the technical aspects of EE's energy-related businesses.

Other comprehensive income

During the year ended 31 December 2010, exchange differences mainly arising on translation of the Canadian operation amounted to approximately HK$42.9 million (2009: HK$109.0 million) because the Canadian dollar ("**C$**") increased by approximately 5.3% against the Hong Kong dollar ("**HK$**"), when translating the carrying value of EE's Canadian subsidiary, namely TWE.

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 year ended 31 December 2010 amounted to approximately HK$97.1 million (for the year ended 31 December 2009: HK$106.6 million).

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 December 2010, EE mainly financed its operations with funds raised from previous share placements, including the top-up placement in October 2010 which EE raised net proceeds of approximately HK$154.0 million. As at 31 December 2010, the Group had bank balances and cash of approximately HK$155.8 million (as at 31 December 2009: HK$79.5 million). The Group's current ratio stood at approximately 3.4 as at 31 December 2010 (as at 31 December 2009: 2.5).

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

As at 31 December 2010, the Group had net assets of approximately HK$981.6 million (as at 31 December 2009: HK$854.7 million). The increase was mainly due to the increase in oil and gas properties for the non-conventional gas business under TWE.

As at 31 December 2010, the Group continued to maintain a debt-free capital structure.

As at 31 December 2010, the Group had no payables incurred which were not in the ordinary course of business and accordingly its gearing ratio was nil (as at 31 December 2009: Nil).

CHARGE ON GROUP ASSETS

As at 31 December 2010, the Group did not have any charge on its assets (as at 31 December 2009: Nil).

FOREIGN EXCHANGE EXPOSURE

EE mainly earned revenue and incurred costs in HK$, Renminbi, C$ and US$. Risk exposure to fluctuation in exchange rates was insignificant to the Group despite there was fluctuation in the exchange rate between US$ and C$. The Directors and senior management will continue to monitor closely the exchange risk by entering into forward contracts and utilising applicable derivatives to hedge out the exchange risk when necessary.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS

During the year ended 31 December 2010, EE did not make any significant investments or future plans for material investments. EE will continue to explore new opportunities in energy-related projects and to look for potential investments in China and overseas.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 25 July 2010, Aces Diamond International Limited ("**Aces Diamond**") entered into a subscription agreement with TWE pursuant to which Aces Diamond has agreed to subscribe for 90 million units of TWE ("**Subscription**") at a subscription price of C$4.5 million (equivalent to approximately HK$33.3 million). As at 31 December 2010, Aces Diamond has completed part of the Subscription and the Group's controlling interests in TWE represent approximately 64.98% of the then issued common shares and preferred shares in the capital of TWE or approximately 74.25% of the then issued common shares, preferred shares, warrants and options outstanding in the capital of TWE on a fully diluted basis, respectively.

TWE has remained a subsidiary of EE after the above transaction. Therefore, the difference between the consideration paid and the share of the carrying value of the net assets of TWE acquired of approximately HK$27.3 million has been recorded in equity.

Save as disclosed above, there were no other material acquisitions and / or disposals which would have been required to be disclosed under the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**").

CAPITAL COMMITMENTS

As at 31 December 2010, the Group had capital commitments amounting to approximately HK$9.2 million (as at 31 December 2009: HK$11.5 million).

CONTINGENT LIABILITIES

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

EMPLOYEES' INFORMATION

As at 31 December 2010, the Group had 21 full-time employees (as at 31 December 2009: 22) working in Hong Kong, China and Canada. EE remunerates its employees based on their performance, experience and the prevailing industry practice.

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

CONSOLIDATED INCOME STATEMENT

The Board is pleased to announce the consolidated results of the Group for the year ended 31 December 2010, together with the comparative figures for the year ended 31 December 2009 as follows:

		Year ended 31 December	
		2010	2009
	Note	**HK$'000**	HK$'000
Revenue	*4*	**379**	310
Cost of sales		**(297)**	(246)
Gross profit		**82**	64
Other loss, net		**(609)**	(509)
Administrative and operating expenses		**(101,802)**	(44,095)
Finance income		**512**	42
Share of profits less losses of:			
- jointly-controlled entity before impairment loss		**964**	(3,279)
- jointly-controlled entity's impairment loss		**-**	(59,748)
Loss before taxation	*5*	**(100,853)**	(107,525)
Income tax	*6*	**4,618**	-
Loss for the year		**(96,235)**	(107,525)
Attributable to:			
Equity holders of the Company		**(97,144)**	(106,595)
Non-controlling interests		**909**	(930)
		(96,235)	(107,525)
Loss per share attributable to equity holders of the Company (expressed in HK cents per share)	*7*		
Basic and diluted		**(3.86)**	(4.56)

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2010

	Note	As at 31 December 2010 HK$'000	2009 HK$'000
ASSETS			
Non-current assets			
Plant and equipment		**2,235**	3,531
Oil and gas properties		**1,107,078**	1,022,216
Interest in a jointly-controlled entity		**3,299**	2,710
Available-for-sale investment		**1,013**	1,411
Club memberships		**2,700**	2,370
		1,116,325	1,032,238
Current assets			
Trade receivables	*8*	**112**	14
Deposits, prepayments and other receivables		**2,394**	1,385
Amount due from a jointly-controlled entity		**-**	19,401
Financial asset at fair value through profit or loss		**3,130**	3,934
Bank balances and cash		**155,800**	79,513
		161,436	104,247
Total assets		**1,277,761**	1,136,485
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**6,944**	6,080
Share premium and reserves		**687,095**	549,456
		694,039	555,536
Non-controlling interests		**287,547**	299,118
Total equity		**981,586**	854,654
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**249,083**	240,941
Current liabilities			
Trade and other payables	*9*	**47,092**	40,890
Total liabilities		**296,175**	281,831
Total equity and liabilities		**1,277,761**	1,136,485
Net current assets		**114,344**	63,357
Total assets less current liabilities		**1,230,669**	1,095,595

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investment and financial assets at fair value through profit or loss. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Companies Ordinance, Chapter 32 of the Laws of Hong Kong.

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. APPLICATION OF NEW HKFRS

The Group has adopted the following new and amended HKFRSs as of 1 January 2010:

HKFRS 3 (Revised) "Business Combinations", and consequential amendments to HKAS 27, 'Consolidated and separate financial statements' ("**HKAS 27 (Revised)**"), are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

HKFRS 3 (Revised) continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

HKAS 27 (Revised) requires the effects of all transactions with non-controlling interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The existing Group accounting policy for transactions with non-controlling interest, when there is no change in control, has already complied with HKAS 27 (Revised).

3. SEGMENT INFORMATION

In a manner consistent with the way in which information is reported internally to the Company's Chief Executive Officer ("**CEO**"), the Group has presented the following reportable segments:

(i) TWE - Exploration, development and production of CBM and natural gas in China
(ii) Qian An - Exploration, development and production of petroleum in China
(iii) Information technology related services in Hong Kong

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 assets at fair value through profit or loss and other unallocated corporate assets.

(b) Segment liabilities include all liabilities except for deferred tax liabilities and other 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, administrative and operating expenses and finance income. 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		
		Qian An	TWE	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 December 2010				
Segment revenue	379	-	-	379
Gross profit	82	-	-	82
Administrative and operating expenses	(1,437)	-	(1,713)	(3,150)
Share of profits less losses of:				
- jointly-controlled entity before impairment loss	-	964	-	964
Income tax	-	-	4,618	4,618
Segment results	(1,355)	964	2,905	2,514
Unallocated:				
Other loss, net				(609)
Administrative and operating expenses				(98,652)
Finance income				512
Loss before taxation				(96,235)
Income tax				-
Loss for the year				(96,235)
As at 31 December 2010				
Segment assets	2,934	3,299	1,118,643	1,124,876
Unallocated assets				152,885
Total assets				1,277,761
Segment liabilities	498	-	270,690	271,188
Unallocated liabilities				24,987
Total liabilities				296,175

	Information technology related services in Hong Kong	Oil and gas exploration in China			
		Qian An	TWE	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 December 2010					
Capital additions	49	-	29,662	506	30,217

	Information technology related services in Hong Kong	Oil and gas exploration in China		
		Qian An	TWE	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 December 2009				
Segment revenue	310	-	-	310
Gross profit	64	-	-	64
Administrative and operating expenses	(1,797)	-	(3,948)	(5,745)
Share of profits less losses of:				
- jointly-controlled entity before impairment loss	-	(3,279)	-	(3,279)
- jointly-controlled entity's impairment loss	-	(59,748)	-	(59,748)
Segment results	(1,733)	(63,027)	(3,948)	(68,708)
Unallocated:				
Other loss, net				(509)
Administrative and operating expenses				(38,350)
Finance income				42
Loss before taxation				(107,525)
Income tax				-
Loss for the year				(107,525)
As at 31 December 2009				
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

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

The Group's revenue for both the year ended 31 December 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 31 December 2010 and 2009 are further analysed as follows:

	As at 31 December	
	2010	2009
	HK$'000	HK$'000
Hong Kong (place of domicile)	**4,915**	5,882
China	**1,110,397**	1,024,945
	1,115,312	1,030,827

4. 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:

	Year ended 31 December	
	2010	2009
	HK$'000	HK$'000
Sale of computer software	**284**	279
Network infrastructure maintenance and sale of computer hardware	**95**	31
	379	310

5. LOSS BEFORE TAXATION

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

	Year ended 31 December	
	2010	2009
	HK$'000	HK$'000
Cost of inventories sold	**232**	242
Cost of services provided (Note)	**65**	4
Depreciation of plant and equipment	**1,576**	1,452
Auditor's remuneration		
- Current year	**1,580**	1,500
- Under-provision in prior year	**798**	-
- Audit-related services	**281**	-
Operating lease payments	**3,729**	2,810
Legal and professional fees	**2,124**	2,370
Investor relations expenses		
- Cash payments	**8,135**	3,930
- Share-based payments	**15,037**	2,500
Technical consultancy expenses		
- Share-based payments	**3,287**	-
Staff costs, including Directors' emoluments		
- Salaries, allowances and other benefits	**19,468**	18,929
- Retirement benefit scheme contributions	**152**	151
- Share-based payments	**5,768**	1,979
- Discretionary and performance related incentive payments	**7,011**	2,989
Impairment loss of available-for-sale investment	**2,568**	-
Provision for impairment of amount due from a jointly-controlled entity	**20,359**	-
Exchange loss/(gain), net	**99**	(2,065)

Note: The cost of services provided includes approximately HK$6,000 (2009: HK$4,000) relating to staff costs, which are also included in the total amounts of staff costs disclosed separately above.

6. 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 payment of the British Virgin Islands income taxes.

No Hong Kong profits tax had been provided as the Group did not have any assessable profits in Hong Kong for the year ended 31 December 2010 (2009: Nil).

China Enterprise Income Tax has not been provided for the subsidiaries in China as they did not generate any assessable profits during the year ended 31 December 2010 (2009: Nil).

The Company's non wholly-owned subsidiary, TWE, incorporated under the laws of British Columbia, Canada, has been reporting tax loss since its incorporation. For the year ended 31 December 2010, the Group has recognised deferred tax asset in respect of the tax losses accumulated at TWE, to offset against the deferred tax liability arising from the same entity, under the Income Tax Act (Canada).

7. LOSS PER SHARE

(a) 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 year ended 31 December 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:

	Year ended 31 December	
	2010	2009
Loss attributable to equity holders of the Company for the purposes of basic loss per share (HK$'000)	**(97,144)**	(106,595)
Weighted average number of ordinary shares for the purpose of basic loss per share ('000)	**2,516,206**	2,337,737
Basic loss per share (in HK cents)	**(3.86)**	(4.56)

(b) The Group had share options and warrants (issued by TWE) outstanding as at 31 December 2009 and 31 December 2010. The share options and warrants did not have a dilutive effect on loss per share (2009: anti-dilutive).

8. TRADE RECEIVABLES

	As at 31 December	
	2010	2009
	HK$'000	HK$'000
Trade receivables	**112**	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 ageing analysis of the trade receivables of the Group as at the balance sheet date, based on invoice date, is as follows:

	As at 31 December	
	2010	2009
	HK$'000	HK$'000
Within 30 days	**70**	14
Between 31 - 60 days	**3**	-
Over 60 days	**39**	-
	112	14

As at 31 December 2010, trade receivables of HK$42,000 (2009: Nil) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 31 December	
	2010	2009
	HK$'000	HK$'000
Within 30 days	**-**	-
Between 31 - 60 days	**3**	-
Over 60 days	**39**	-
	42	-

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	As at 31 December	
	2010	2009
	HK$'000	HK$'000
HK dollar	**96**	14
US dollar	**16**	-
	112	14

9. TRADE AND OTHER PAYABLES

	As at 31 December	
	2010	2009
	HK$'000	HK$'000
Trade payables	**17**	-
Other payables	**40,741**	34,339
Accrued liabilities	**6,334**	6,551
	47,092	40,890

At 31 December 2010, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2010	2009
	HK$'000	HK$'000
Within 30 days	**12**	-
Between 31 – 60 days	**5**	-
	17	-

DIVIDEND

No dividend was paid or proposed for the year ended 31 December 2010 (2009: Nil).

ANNUAL GENERAL MEETING

The 2011 annual general meeting of the Company will be held on Thursday, 12 May 2011 ("**AGM**") and the notice of AGM will be published and dispatched in the manner as required by the articles of association of the Company.

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 year ended 31 December 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 Rules Governing the Listing of Securities on GEM of the Stock Exchange and Appendix 14 to the Listing Rules throughout for the year ended 31 December 2010.

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, has served both roles as the Chairman of the Board and the CEO of the Company. 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; and
- the INEDs have free and direct access to the Company's external auditors and independent professional advisers when considered necessary.

COMPETING BUSINESS AND CONFLICTS OF INTEREST

During the year ended 31 December 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, co-chairman, president and chief executive officer of Petromin. As at 31 December 2010, Mr. Chan Wing Him Kenny directly and indirectly held 1,221,867 stock options entitling him to subscribe for 1,221,867 common shares (representing approximately 2.1% of the issued common share capital) in Petromin. Dr. Arthur Ross Gorrell held 2,230,193 common shares (representing approximately 3.8% of the issued common share capital) and 478,000 stock options entitling him to subscribe for 478,000 common shares (representing approximately 0.8% of the issued common share capital) in Petromin.

Petromin is engaged in the business of acquisition and development of oil and gas properties. As of 31 December 2010, Petromin had oil and gas properties in the province of Alberta, Canada. Taking into account (i) the operation of Petromin's business in Canada which is geographically different from the Company's current project operation in China; (ii) the Company and Petromin have different target customers; and (iii) Mr. Chan Wing Him Kenny and Colpo Mercantile Inc., being the Company's controlling shareholders ("**Controlling Shareholders**"), had entered into a deed of non-competition undertakings dated 7 December 2010 in favour of the Company ("**Deed**"), the Board considers that the business of Petromin does not and will not have any direct competition with the Group's business. The term of the Deed commenced from 17 December 2010 and shall end on the occurrence of the earliest of (i) the day on which the shares of the Company ceased to be listed on the Main Board of the Stock Exchange or any stock exchange (except the delisting from GEM pursuant to the Transfer); (ii) the day on which the Controlling Shareholders cease to be interested in at least 30% of the entire issued share capital of the Company; or (iii) the day on which the Controlling Shareholders beneficially own or are interested in the entire issued share capital of the Company.

The INEDs had reviewed the compliance with the provisions of the Deed by the Controlling Shareholders and confirmed that there was no matter to be disclosed under the requirements of the Deed for the year ended 31 December 2010.

The Directors received from each Controlling Shareholders an annual confirmation on their compliance with the terms of the Deed, and hence the Directors confirm that the parties to the Deed, including the Company, were in compliance with the terms of the Deed, during the year ended 31 December 2010.

Save as disclosed above, none of the executive Directors of the Company or any of their respective associates had been interested in any business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the Group's business.

AUDIT COMMITTEE

The Audit Committee comprises three INEDs, namely, Mr. David Tsoi, Mr. Lo Chi Kit and Mr. Tam Hang Chuen, with Mr. 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 consolidated results for the year ended 31 December 2010 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such consolidated 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, 25 March 2011

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

Executive Directors	**Independent non-executive Directors**
Mr. Chan Wing Him Kenny	Mr. David Tsoi
Dr. Arthur Ross Gorrell	Mr. Lo Chi Kit
	Mr. Tam Hang Chuen