



CHAIRMAN'S
STATEMENT



On behalf of the Board of Directors (the "Board") of GeoMaxima (Hong Kong) Holdings Limited (the "Company") and its subsidiaries (collectively known as the "Group"), I am pleased to report to shareholders the annual results of the Group for the year ended 31 December 2001.

RESULTS

The turnover for the year ended 31 December 2001 was approximately RMB203,024,000 (2000: approximately RMB147,831,000). The profit attributable to shareholders was approximately RMB43,728,000 (2000: approximately RMB1,768,000). Basic earnings per share and diluted earnings per share were RMB1.58 cents and RMB1.53 cents respectively (basic earnings per share and diluted earnings per share for 2000 were RMB0.07 cents and RMB0.07 cents respectively).

DIVIDEND

The Board resolved not to declare a dividend for the year ended 31 December 2001.

OUTLOOK

Energy resources are the lifeblood of a nation's economy and largely dictate the progress of its modernisation and the continuous development of its society and economy. The People's Republic of China (the "PRC") is a huge emerging international market. Following its accession to the World Trade Organization, its demand for energy resources will be tremendous, and far greater than that of other countries and regions.



The Group has been mainly engaged in a number of crude oil and natural gas related energy investment projects operating in the PRC. The Group has extensive experience in operation and management, various reliable sources of financing and outstanding management personnels. The members of the Board form a team who are well equipped with practical experience and advanced technological and

management expertise. The Group acquired an 80% interest in Xinjiang Xingmei Oil Pipeline Co., Ltd. in early 2001 which is principally engaged in the operation of transportation and storage facilities for crude oil exploited from the Ta He Oil Field in the Xinjiang Autonomous Region



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("Xinjiang"), the PRC. It has contributed excellent returns to the Group during the year. Additionally, the Group also acquired effectively 32% interest in Lejion Gas Co., Ltd. ("Lejion") of Korla, Xinjiang and 30.87% interest in Jilin City Jimei Gas Co., Ltd. ("Jimei") of Jilin City, Jilin Province, the PRC, at the end of 2001 and in early 2002 respectively. The Group acquired further equity interest in Lejion in March 2002, taking the Group's effective shareholding in Lejion to 72%. Both Lejion and Jimei are principally engaged in operation of natural gas distribution networks. These aforementioned investments would provide a further revenue stream and would be able to generate stable and promising returns for the Group in the near future.

On the other hand, the Group has disposed of its instant food business, which had a record of unsatisfactory results in the past two financial years, at a consideration of RMB160,000,000 at the end of 2001. This transaction not only provided additional profit and source of cash flow for the Group, but it also allowed the Group to reallocate resources into energy-related projects. More importantly, the disposal of the instant food business has also marked a milestone for the Group as its first but yet successful step towards the development of energy-related projects.

The development and usage of energy resources are one of the core themes of the "Development in the Western part of China" carried out by the PRC government. In order to capture this huge business opportunity, the Group is committed to enhancing its investment in the business related to crude oil, natural gas, and in particular the transportation of oil and gas in the country, with an aim to further develop its energy-related and other associated businesses. To capture this opportunity and to successfully cope with any such future challenges are the Board's ultimate objectives. The Group is geared towards providing environmental friendly resources so as to establish a prosperous society in the PRC, as well as contributing remarkable returns to our investors.



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Looking ahead, the Group is committed to consolidate each of its investment projects in the PRC and through the integration of project investments and efficient use of capital, transforming the Group into one of the leading energy-related projects development companies in the region.

EMPLOYEE INFORMATION

As at 31 December 2001, the Group employed approximately 142 employees. They were remunerated according to the nature of their job and market condition. The Group also provides to eligible employees other benefits such as share options, housing allowances, discretionary bonus and medical scheme.

APPRECIATION

On behalf of all directors, I would like to take this opportunity to extend my gratitude and sincere appreciation to all directors and our staff as well as to our clients, suppliers, principal bankers and shareholders for their contribution and for their continuous dedication to our common cause.

Zhu Jia Zhen

Chairman

Hong Kong, 12 April 2002