CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	Six months ended 30 June 2001 Unaudited *US$'000*	30 June 2000 Unaudited *US$'000*
Loss attributable to shareholders for the period	**(10,976)**	(1,298)
Exchange differences on translation of the financial statements of foreign entities	**(10)**	–
Total recognised gains and losses	**(10,986)**	(1,298)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Significant accounting policies

These unaudited condensed consolidated interim financial statements of the Group ("Interim Accounts") are prepared in accordance with Hong Kong Statement of Standard Accounting Practice No. 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants, except that the comparative figures of the condensed consolidated cash flow statement have not been prepared as the Company has taken advantage of the transitional provisions set out in the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited. The accounting policies and bases of preparation of these interim accounts are the same as those used in the annual financial statements for the year ended 31 December 2000. Figures for the year ended 31 December 2000 are extracted from the Group annual financial statements for the year.

2. Segmental information

An analysis of the Group's turnover and contribution to operating loss for the period by principal activities and principal markets is as follows:

	Turnover Six months ended		Contribution to operating loss Six months ended	
	30 June 2001 Unaudited *US$'000*	30 June 2000 Unaudited *US$'000*	**30 June 2001 Unaudited *US$'000***	30 June 2000 Unaudited *US$'000*
Principal activities				
Oil and gas	**5,324**	6,462	**(9,654)**	(463)
Communication equipment, electronic components and data processing equipment	**2,238**	–	**(597)**	–
	7,562	6,462	**(10,251)**	(463)
Principal markets				
Indonesia	**5,324**	6,462	**(9,654)**	(463)
North America	**2,238**	–	**(597)**	–
	7,562	6,462	**(10,251)**	(463)

3. Loss from operating activities

Loss from operating activities is arrived after charging:

	Six months ended	
	30 June 2001	30 June 2000
	Unaudited	Unaudited
	US$'000	*US$'000*
Amortisation of Goodwill	**114**	136
Depreciation on fixed assets	**76**	63
Depreciation, depletion and amortisation of oil properties	**559**	1,140
Provision for diminution in interest in Jatirarangon gas field	**9,775**	–
Interest expense on amount due to a director	**24**	–

4. Tax

	Six months ended	
	30 June 2001	30 June 2000
	Unaudited	Unaudited
	US$'000	*US$'000*
Overseas tax charge	**855**	986
Deferred tax credit	**(12)**	–
Tax charge	**843**	986

The Group's provision for tax represents overseas withholding tax, overseas income tax and deferred tax made in respect of Seaunion Energy (Limau) Limited and Tianyee Communications Corp ("Tianyee").

No provision for Hong Kong profits tax has been made as, in the opinion of the directors of the Company (the "Directors"), the Company did not have any assessable profits in Hong Kong for the periods.

5. Basic loss per share

The calculation of basic loss per share is based on the net loss attributable to shareholders for the period of US$10,976,000 (2000: US$1,298,000), and 672,191,740 (2000: weighted average of 554,059,475, adjusted to reflect the consolidation of shares during the period) ordinary shares in issue during the period.

6. Goodwill

	Unaudited *US$'000*
Cost	
At 1 January 2001	16,111
Reversal of provision for diminution in interests in Jatirarangon gas field	(9,649)
At 30 June 2001	6,462
Accumulated amortisation	
At 1 January 2001	5,653
Reversal of provision for diminution in interests in Jatirarangon gas field	(473)
Provided during the period	114
At 30 June 2001	5,294
Carrying value at 30 June 2001	1,168

7. Fixed assets

During the six months ended 30 June 2001, the Group acquired approximately US$62,000 of fixed assets, mainly machinery and equipment for its operations in Taiwan.

8. Trade receivables

	30 June 2001 **Unaudited** ***US$'000***	31 December 2000 Audited *US$'000*
Receivable from Pertamina	**4,975**	5,393
Receivable from others	**2,059**	2,383
	7,034	7,776

The receivable from Pertamina, the state-owned oil company of Indonesia, represents a trade receivable balance arising in the normal course of business and represents the amount of crude oil sales receivable and costs not yet recovered out of Pertamina's share of incremental crude oil production. The balance is unsecured, non-interest bearing and with 50 days credit term.

The ageing analysis of the trade receivables is as follows:

	30 June 2001 **Unaudited** ***US$'000***	31 December 2000 Audited *US$'000*
0 – 30 days	**1,676**	7,612
31 – 60 days	**3,401**	145
61 – 90 days	**1**	19
91 – 120 days	**1,956**	–
	7,034	7,776

9. Trade payables and notes payables

The ageing analysis of the trade payables and notes payable is as follows:

	30 June 2001 **Unaudited** ***US$'000***	31 December 2000 Audited *US$'000*
0 – 30 days	**3,052**	1,701
31 – 60 days	**35**	415
61 – 90 days	**270**	64
91 – 120 days	**35**	–
over 120 days	**113**	–
	3,505	2,180

10. Due to a director

The amount due to a director is unsecured, carries interest at 8% per annum and is repayable on demand.

11. Reserves

	Share premium Unaudited *US$'000*	**Capital reserve** Unaudited *US$'000*	**Translation reserve** Unaudited *US$'000*	**Accumulated losses** Unaudited *US$'000*	**Total** Unaudited *US$'000*
At 1 January 2001	289	(2,652)	0	(43,534)	(45,897)
Loss for the period	0	0	0	(10,976)	(10,976)
Exchange differences on translation of the financial statements of foreign entities	0	0	(10)	0	(10)
At 30 June 2001	289	(2,652)	(10)	(54,510)	(56,883)

12. Approval of the Interim Accounts

These Interim Accounts were approved by the Board on 10 August 2001.

DIVIDEND

The Directors have decided not to declare any interim dividend for the six months ended 30 June 2001 (2000: Nil).

FINANCIAL REVIEW

Results

The Group's turnover from oil production declined by about 17% mainly because of the decrease in oil production (as explained in further details below) and the decrease in average oil price. Cost reduction efforts, however, continue to reduce the impact on the Group's operating results. The Group's results were adversely affected by a US$9,775,000 provision on the interests in Jatirarangon gas field.

Capital structure and treasury

The Limau oilfield operation continued to provide a positive cash flow during the period. The current ratio of the Group remained healthy at 1.67 (2000: 1.83).

Apart from a loan due to a director carrying interest at 8% per annum, the Group does not have borrowings as at 30 June 2001. Gearing expressed as a percentage of net borrowings to the total of net borrowings and net assets remained at a low level of 9.9% (2000: 5.8%). An announcement was made on 12 March 2001 of a proposed capital reduction which on becoming effective should enable the Company to be in a position to raise finance by the issue of shares. On 23 July 2001, the Company announced the issue of HK$5,000,000 3% unlisted convertible debentures due 2003 to an independent third party. On 1 August 2001, the Company announced the issue of another HK$5,000,000 3% unlisted convertible debentures due 2003 to another independent third party. The issues further improve cash flow of the Group.

The Group's revenues and expenses are predominantly denominated in United States dollars or Hong Kong dollars. In the light of the Hong Kong dollar peg, the Group has not hedged exposure to Hong Kong dollar denominated assets/liabilities. It is the Group's policy to minimise exposure to other currencies, mainly Indonesian rupiah, New Taiwan dollars and Chinese renminbi by minimising the net assets/liabilities denominated in such currencies.

EMPLOYEES AND REMUNERATION POLICIES

The number of employees of the Group as at 30 June 2001 was approximately 250. Employees are remunerated according to nature of the job and market conditions.

BUSINESS REVIEW AND PROSPECTS

Oil production

Production in the Limau oilfield operated with minimal major capital activities in the first half of 2001. Incremental oil production averaged 5,106 barrels of oil per day during this period. Production results are lower compared to the same period last year, due to uncertainty of the EOR Contract Extension and the delay in depreciation clause changes by Pertamina, causing all capital expenditures to halt for the first quarter. In addition there were surface facilities bottleneck problems and several gas line & oil trunkline failures, disrupting production results.

The engineering and geological teams continue to upgrade and update existing data bases which will assist in identifying new prospects and enhance existing production operations.

For the second half of 2001, the Group will continue with production optimization with one major workover, the drilling of one infill well and the testing of candidate wells for ESP production. A 3D seismic survey, contingent on the EOR Contract Extension, is scheduled to start in the last quarter of this year. This survey will assist in identifying additional oil reserves and enhance the design of the Alkaline Surfactant Polymer flood presented in the Long Range Plan for the Limau field.

The focus on increasing gross fluid production in the second half of 2001 coupled with higher world oil prices is expected to result in an increase in turnover.

Refinery operations in Hubei

The Group's investment in its associate which operates the oil refinery in Hubei continues to disappoint.

The crude oil supply shortage persisted during the period and continues to cause the refinery to operate below capacity. However the Directors continue to be of the opinion that the anticipated market force changes in the PRC will in due course alleviate the supply of crude oil and eventually enable the refinery to start operating at a satisfactory rate of throughput. Although it is not possible to predict when exactly these changes will occur the Directors continue to be of the opinion that the current carrying value of the interest in this associate is appropriate. The Group's share of loss of this associate during the period was US$83,000.

Jatirarangon gas field

In view of the heavy capital investment requirement and the current economical and political situations in Indonesia, the Group has decided to terminate further development programme in the Jatirarangon gas field. Accordingly, a full provision for US$9,775,000 was made by the Group on unrecovered interests in the Jatirarangon gas field.

Communications equipment, electronic components and data processing equipment

The turnover of Tianyee for the six months ended 30 June 2001 falls shorts of projection and reached US$2,238,000 only. This is mainly due to the fall in demand of Asymmetric Digital Subscriber Line ("ADSL") Modems in North America and Japan, caused by the slowdown of economy and the change in technical specifications of ADSL. Tianyee has completed its technical research and development of the new Multi Tenant Unit Digital Subscriber Line products, promised to be the new mainstay in the ADSL market. However, the current condition of ADSL market has deferred production plan. The current market condition also affects Tianyee's customers and slow down their settlements. Tianyee will continue to closely monitor the situation, tightens credit control and ensures that the operation has required working capital.

The Company has a capital commitment of HK$28,800,000 in respect of its investment in Tianyee of which HK$28,100,000 has been paid up to the date of this report, the balance is scheduled to be paid during 2001 from internal resources.

DIRECTORS' INTERESTS IN SECURITIES

At 30 June 2001, the interests of the directors and chief executive in the shares of the Company and its associated corporations as required to be recorded in the register maintained under section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Shares of the Company

Name	Type of interests	Number of shares held	Approximate percentage
Mr. John Lai Chiu Lai	Individual	1,000,000	0.1%

Save as disclosed herein, as at 30 June, 2001, none of the directors or the chief executive of the Company had any interest in the equity or debt securities of the Company or any associated corporations (within the meaning of the SDI Ordinance) which were required to be entered in the register required to be kept under section 29 of the SDI Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

SUBSTANTIAL SHAREHOLDERS

At 30 June 2001, according to the register kept by the Company under section 16(1) of the SDI Ordinance, the following shareholders had notified the Company that it had interests in 10% or more of the issued share capital of the Company:

Name	Type of interests	Number of shares held		Percentage of total issued shares at 30 June 2001
Ms. Chelsea Ho	Corporate	77,046,923	*(Note 1)*	11.5%
	Corporate	14,225,000	*(Note 2)*	2.1%
	Individual	13,155,000		2.0%
Georgia Technologies Limited		77,046,923	*(Note 1)*	11.5%

Note 1: The shares were held by Georgia Technologies Limited, a company beneficially owned by Ms. Chelsea Ho.

Note 2: The shares were held by Nice All International Limited, a company beneficially owned by Ms.Chelsea Ho's father, Mr. He Yue Huai, of which Ms. Chelsea Ho is a director.

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the issued capital of the Company as at the date of this report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities during the period.

CODE OF BEST PRACTICE

None of the Directors of the Company is aware of information that would reasonably indicate that the Company was not in the period under review in compliance with the Code of Best Practice set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange, except that the independent non-executive directors of the Company are not appointed for specific terms.

AUDIT COMMITTEE

The Audit Committee has reviewed with 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 Accounts for the six months ended 30 June 2001.

By Order of the Board
Liu Zhen
Managing Director

Hong Kong, 10 August, 2001