

USE OF PROCEEDS

As at 30th June, 2001, the Company had applied US\$103 million of the net proceeds of US\$196 million raised from the US\$200 million convertible bonds toward the 8 million tpa refining capacity expansion project. The balance of the proceeds has been placed in commercial banks as fixed deposits.

According to the terms and conditions of the Convertible Bonds, bondholders holding US\$155 million in principal amount of the bonds have the option to require the Company to redeem all or some of the bonds held by them at a premium on 19th December 2001. If all the bondholders exercise such option, the Company will be liable to pay about US\$197 million.