

RESULTS

I am pleased to announce to the shareholders on behalf of the Board, that containing in the audited consolidated results of the Group for the year ended 31st December 2001, the consolidated profit after taxation and minority interests was HK\$457.38 million, representing down by 32.71% as compared with HK\$679.73 million of profit for the corresponding period of the year 2000.

As compared with the corresponding period of last year, crude oil sales volume was roughly the same, and the turnover was down by 17.46%. The weighted average price for crude oil per barrel was approximately US\$20.68, it was US\$24.64 for last year, representing a decrease of approximately 16.07% , resulting in an overall decrease in profit of 32.71% as compared with last year.

BUSINESS REVIEW

Liaohe Leng Jiapu Oil Field

The Liaohe Leng Jiapu Contract Area sold a total of 1.30 million tonnes of crude oil, the sales volume remained the same as that of the corresponding period of the previous year. On a 70% share basis, profit after tax attributable to the Group was HK\$344 million, or a decrease of 13.38% compared with last year.

According to the Leng Jiapu Contract, the Group is responsible for 70% of the development costs and thus a contribution of RMB336 million (approximately HK\$317 million) was made by the Group during the year as part of the fund required for the drilling of new wells and construction of ground production facilities.

Xinjiang Karamay Oil Field

The Xinjiang Karamay Contract Area sold a total of 0.77 million tonnes of crude oil, representing a decrease of 10% compared with previous year. On a 54% share basis, profit after tax attributable to the Group was HK\$114 million, or a decrease of 60.04% compared with last year.

The Sukhothai Concession in Thailand

As a result of the relentless effort of our staffs in increasing efficiency as well as in reducing costs, the Sukhothai Concession in Thailand recorded a profit of HK\$15 million in 2001. The Company will continue to capitalise its strength to increase production and control costs, and identify potential of the oil fields to improve efficiency.

Chairman's Statement

PROSPECTS FOR 2002

The Group will continue to strengthen the management of the existing Liaohe, Xinjiang and Thailand oil development projects, control costs, increase efficiencies and stabilise incomes. At the same time the Group will speed up the exploration and development work in the Union of Myanmar, the Azerbaijan Republic and Peru, strive to make a breakthrough and increase crude oil reserve and revenue.

In January 2002, the Group successfully acquired a 15% interest in an oil field located in the Azerbaijan Republic from the European Bank for Reconstruction and Development.

The position of future development of the Group remains unchanged, it still insists in investing in oil-related business. In the coming years the Group will emphasis on overseas projects regarding oil and gas exploration and development. The Group will continue to strengthen its relationship with 中國石油天然氣勘探開發公司 to seek high quality projects with low risk and high return. Since the second half of 2001, the Group has invested in the PRC, South America, Central Asia and South East Asia. As the Group expands, the pace of its growth will be slower if only internal resources is used for expansion of business. The current financial status of the Group is healthy and no loan has been raised. The Group is considering to raise an appropriate level of loan in order to speed up the growth of the Group and increase shareholders' return.

FINAL DIVIDEND

With satisfactory results for the year, the Board of Directors has recommended the payment of a final dividend of HK\$0.02 (2000: HK\$0.04) per share. The proposed dividend will be paid on or about 28th June 2002 to the shareholders whose names appear on the Register on 31st May 2002, following approval at the Annual General Meeting.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 28th May 2002 to 31st May 2002 both days inclusive, during which period no transfers of shares will be registered. All transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Registrar in Hong Kong, Secretaries Ltd. at 5/F, Wing On Centre, 111 Connaught Road Central, Hong Kong not later than 4:00 p.m. on 27th May 2002 in order to qualify for the proposed final dividend.

COMPANY GOVERNANCE

The Group fully complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of the Hong Kong Stock Exchange during the year.

By Order of the Board

Wang Mingcai

Executive Chairman

Hong Kong, 22nd April 2002