



MIE HOLDINGS CORPORATION
MI 能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

(Stock code 股份代號: 1555)

ANNUAL REPORT 2010 年報



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Company Information

公司資料

Board of Directors

Executive Directors

Mr. Zhang Ruilin (Chairman)
Mr. Zhao Jiangwei
Mr. Forrest Lee Dietrich
Mr. Allen Mak

Non-executive Directors

Mr. Wang Sing
Mr. Law Cheuk Kin, Stephen (alternate to Mr. Wang Sing)

Independent non-executive Directors

Mr. Mei Jianping
Mr. Jeffrey W. Miller
Mr. Cai Rucheng

Registered Address

Maples Corporate Services Limited
P. O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

Headquarters

Suite 406, Block C
Grand Place
5 Hui Zhong Road
Chaoyang District
Beijing 100101
China

Principal Place of Business in Hong Kong

Level 28, Three Pacific Place
1 Queen's Road East
Hong Kong

Website Address

www.mienergy.com.cn

Stock Code

HKSE: 01555

Joint Company Secretary

Mr. Allen Mak (CA)
Ms. Chu Man Yee (ACS, ACIS)

Authorized Representatives

Mr. Allen Mak
Mr. Forrest Lee Dietrich

董事會

執行董事

張瑞霖先生(主席)
趙江巍先生
Forrest Lee Dietrich先生
麥雅倫先生

非執行董事

王斌先生
羅卓堅先生(王斌先生的替任董事)

獨立非執行董事

梅建平先生
Jeffrey W. Miller先生
才汝成先生

註冊地址

Maples Corporate Services Limited
P. O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

總部

中國
北京
朝陽區
慧忠路5號
遠大中心
C座406室
郵編100101

香港主要營業地點

香港
皇后大道東1號
太古廣場
三期28樓

公司網址

www.mienergy.com.cn

股份代號

香港聯交所: 01555

聯席公司秘書

麥雅倫先生(特許會計師)
朱敏怡女士(ACS、ACIS)

授權代表

麥雅倫先生
Forrest Lee Dietrich先生

Company Information (continued)

公司資料(續)

Members of Audit Committee

Mr. Jeffrey W. Miller (*Chairman*)
Mr. Mei Jianping
Mr. Cai Rucheng

Members of Remuneration Committee

Mr. Mei Jianping (*Chairman*)
Mr. Jeffrey W. Miller
Mr. Cai Rucheng

Members of Nomination Committee

Mr. Mei Jianping (*Chairman*)
Mr. Jeffrey W. Miller
Mr. Cai Rucheng

Independent Technical Consultant

Ryder Scott
1100 Louisiana, Suite 3800
Houston, Texas 77002-5218
USA

Auditors

PricewaterhouseCoopers

Legal Advisers to the Company

Latham & Watkins (As to Hong Kong law and United States law)
Zhong Lun Law Firm (As to PRC law)
Maples and Calder (As to Cayman Islands law)

Principal Bankers

CITIC Bank International Limited
China CITIC Bank Corporation Limited (Guangzhou)

Valuer

Jones Lang LaSalle Sallmanns Limited

Cayman Islands Principal Share Registrar and Transfer Office

Maples Finance Limited
P.O.Box 1093, Queengate House
Grand Cayman
KY1-1102
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

審核委員會成員

Jeffrey W. Miller先生(主席)
梅建平先生
才汝成先生

薪酬委員會成員

梅建平先生(主席)
Jeffrey Miller先生
才汝成先生

提名委員會成員

梅建平先生(主席)
Jeffrey W. Miller先生
才汝成先生

獨立技術顧問

Ryder Scott
1100 Louisiana, Suite 3800
Houston, Texas 77002-5218
USA

核數師

羅兵咸永道會計師事務所

本公司法律顧問

瑞生國際律師事務所(香港法律及美國法律)
北京市中倫律師事務所(中國法律)
Maples and Calder (開曼群島法律)

主要往來銀行

中信銀行國際有限公司
中信銀行股份有限公司廣州分行

估值師

仲量聯行西門有限公司

開曼群島主要股份過戶登記處

Maples Finance Limited
P.O.Box 1093, Queengate House
Grand Cayman
KY1-1102
Cayman Islands

香港股份過戶登記分處

卓佳證券登記有限公司
香港
灣仔
皇后大道東28號
金鐘匯中心26樓

Financial Summary

財務摘要

(Amounts expressed in thousands of RMB)
(所有金額均以人民幣千元為單位)

Consolidated Statement of Comprehensive Income (Audited) 合併全面收益表(經審核)

Year ended December 31

截至十二月三十一日止年度

		2007 二零零七年	2008 二零零八年	2009 二零零九年	2010 二零一零年
Total revenue	總收益	1,221,624	1,971,688	1,166,827	1,804,976
Total operating expenses	總經營開支	(710,597)	(1,190,063)	(925,608)	(1,170,963)
Finance costs, net	財務費用淨值	(76,911)	(7,787)	(57,280)	(51,444)
Profit before tax	除稅前溢利	434,116	773,838	183,939	582,569
Income tax expense	所得稅開支	(125,163)	(162,748)	(73,462)	(161,705)
Profit for the year	年內溢利	308,953	611,090	110,477	420,864

Consolidated Statement of Financial Position (Audited) 合併財務狀況表(經審核)

As at December 31

於十二月三十一日

		2007 二零零七年	2008 二零零八年	2009 二零零九年	2010 二零一零年
Current assets	流動資產	815,235	1,165,636	988,030	1,156,075
Property, plant and equipment, net	物業、廠房及設備淨值	1,707,106	2,486,943	2,665,143	3,024,482
Derivative financial instruments	衍生金融工具	-	94,912	-	20,285
Intangible assets	無形資產	558	6,043	2,599	1,677
Amount due from shareholder	應收股東款項	449,438	-	-	-
Trade and other receivables	應收及其他應收款項	-	71,805	70,360	24,212
Total assets	資產總值	2,972,337	3,825,339	3,726,132	4,226,731
Current liabilities	流動負債	1,497,234	1,575,017	966,110	919,376
Non-current liabilities	非流動負債	805,736	1,106,557	1,506,576	1,347,424
Total liabilities	負債總額	2,302,970	2,681,574	2,472,686	2,266,800
Equity	權益	669,367	1,143,765	1,253,446	1,959,931

Operating Summary

營運摘要

		Year ended December 31 截至十二月三十一日止年度			
		2007 二零零七年	2008 二零零八年	2009 二零零九年	2010 二零一零年
Sales volume (millions of barrels)	銷量(百萬桶)	2.33	2.72	2.92	3.42
Net annual production volume (millions of barrels)	淨年產量(百萬桶)	2.35	2.98	2.79	3.41
Average daily net crude oil production (in barrels)	日平均原油淨產量(桶)	6,439	8,150	7,637	9,349
Daan oilfield	大安油田	5,295	6,492	6,000	7,110
Moliqing oilfield	莫里青油田	1,003	1,505	1,453	1,744
Miao 3 oilfield	廟3油田	141	153	184	495
Average realized price (US\$ per barrel of crude oil)	平均實際價格 (美元/ 每桶原油)	69.00	104.78	58.58	77.99
Daan oilfield	大安油田	68.50	105.66	59.05	78.19
Moliqing oilfield	莫里青油田	71.31	101.51	56.83	77.33
Miao 3 oilfield	廟3油田	70.43	102.03	56.57	77.26
Lifting costs (US\$ per barrel of crude oil)	採油成本(美元/ 每桶原油)	7.24	6.52	7.69	7.09
Daan oilfield	大安油田	5.44	4.23	6.21	5.65
Moliqing oilfield	莫里青油田	13.70	13.26	11.82	10.78
Miao 3 oilfield	廟3油田	26.52	31.06	25.86	15.36
Development Wells (Gross)	開發井(總數)	192	389	189	200
Successful	成功鑽探	191	389	188	200
Dry	乾井	1	0	1	0
		As at December 31 於十二月三十一日			
		2007 二零零七年	2008 二零零八年	2009 二零零九年	2010 二零一零年
Net Reserves (In thousands of barrels)	淨儲量(千桶)				
Total proved developed	探明已開發儲量總額	13,437	17,525	19,195	20,501
Daan oilfield	大安油田	12,709	15,245	15,164	17,303
Moliqing oilfield	莫里青油田	1,187	2,162	3,773	2,985
Miao 3 oilfield	廟3油田	171	118	258	213
Total proved undeveloped	探明未開發儲量總額	23,438	11,303	11,699	12,435
Daan oilfield	大安油田	19,858	8,694	9,824	12,033
Moliqing oilfield	莫里青油田	3,580	2,609	1,875	374
Miao 3 oilfield	廟3油田	—	—	—	28
Total proved	探明儲量總額	36,875	28,828	30,894	32,936
Total probable developed	概算已開發儲量總額	4,205	6,921	7,059	7,627
Total probable undeveloped	概算未開發儲量總額	24,257	14,886	17,048	11,978
Total probable	概算儲量總額	28,462	21,807	24,107	19,605
Total possible developed	可能已開發儲量總額	3,167	4,693	4,785	5,058
Total possible undeveloped	可能未開發儲量總額	11,970	6,965	6,376	8,801
Total possible	可能儲量總額	15,137	11,658	11,161	13,859

Chairman's Statement

主席報告書



Chairman's Statement (continued)

主席報告書(續)

Dear Shareholders,

On behalf of the board of directors ("Board") of MIE Holdings Corporation ("Company"), I hereby present the annual results of the Company for the year ended December 31, 2010. During the period under review, the Company experienced rapid growth and encountered tremendous opportunities.

The oil and gas industry in China continued to grow during 2010 despite the volatile crude oil price throughout the year. Rising global oil demand amid the economic recovery continues to benefit the industry, including us.

The Company was successfully listed on the Main Board of the Stock Exchange of Hong Kong on December 14, 2010 ("Listing Date"), marking a key milestone in the history of the Company and its subsidiaries ("Group"). Our share price has increased significantly from the initial public offer price of HK\$1.70 per share, reflecting the strength of the Company and the support of our shareholders.

During the period under review, the Company delivered a brilliant performance with turnover of approximately RMB1.805 billion, representing an increase of 54.7% from 2009. Profit before tax surged 216.7% from the preceding year to approximately RMB582.6 million. EBITDA increased to approximately RMB1.163 billion, representing a 69.2% increase from the previous year. Profit attributable to equity holders was approximately RMB420.9 million, increasing almost four fold from the previous year and exceeding our profit forecast as set out in our prospectus dated December 1, 2010. Earnings per share increased by 216.7% to RMB0.19. In view of the stellar results for 2010, and given the low interest rate environment, the Directors of the Company recommended the payment of a special final dividend of HK\$0.035 per share although there was no plan to pay any dividend for the year ended December 31, 2010 as stated in our prospectus dated December 1, 2010.

We are the leading independent upstream oil company operating onshore in China, with Daan, Moliqing and Miao 3 oilfields in the Songliao Basin, the most prolific oil-producing basin in the country. We seek to independently or jointly explore and produce oil with other large partners, and look for new exploration, development and production opportunities globally.

致各位股東：

本人謹代表MI能源控股有限公司(「本公司」)董事會(「董事會」)公佈本公司於截至二零一零年十二月三十一日止年度的年度業績。於回顧期間，本公司錄得飛速增長並迎來巨大機遇。

儘管二零一零年原油價格波動，但年內中國油氣行業持續增長。我們所處的油氣行業將繼續受益於世界經濟的復甦對石油需求的回升。

本公司於二零一零年十二月十四日(「上市日期」)於香港聯交所主板成功上市，成為本公司及其附屬公司(「本集團」)歷史上重要的里程碑。我們的股價由最初的首次公開發售價每股1.70港元大幅上漲，反映了本公司的實力以及股東的支持。

於回顧期間，本公司取得卓越的業績，營業額錄得約人民幣18.05億元，較二零零九年增長54.7%。除稅前溢利較上一年增長216.7%至近人民幣5.83億元。EBITDA較上一年增加69.2%至近人民幣11.63億元。權益持有人應佔溢利較上一年增加近三倍至近人民幣4.21億元，超過我們於二零一零年十二月一日發佈的招股章程中所載的溢利預測。每股盈利增長216.7%至人民幣0.19元。雖然在二零一零年十二月一日發佈的招股章程中，公司並無為截至二零一零年十二月三十一日止年度派發股息的計劃，但鑒於二零一零年的輝煌成果，並考慮到目前低利率的市場環境，公司董事建議派發每股0.035港元的特別末期股息。

我們是一間在中國境內營運的領先的獨立上游石油公司，於國內最多產的產油盆地松遼盆地擁有大安、莫里青及廟三油田。我們尋求獨立或與其他大型合作夥伴共同勘探及開採石油，並於全球範圍內尋找新的勘探、開發及生產機遇。

Chairman's Statement (continued)

主席報告書(續)

As of December 31, 2010, we had estimated net proved, proved+probable and proved+probable+possible crude oil reserves of approximately 32.9 million barrels, 52.5 million barrels and 66.4 million barrels respectively, an increase of 3.5 million barrels, 4.9 million barrels and 5.3 million barrels respectively, as compared to our reserve as of June 30, 2010 as stated in our prospectus dated December 1, 2010. Also, as at December 31, 2010, we had estimated 2C Contingent Resources of 4.9 million barrels and Best Estimate of Undiscovered Prospective Resources of 4.9 million barrels.

During the year, we commenced infill drilling on the Daan oilfield and successfully drilled 6 wells. Reserves attributable to infill drilling included in our reserves for the first time at December 31, 2010 are 3.3 million barrels, 4.3 million barrels and 5.2 million barrels of proved, proved+probable, and proved+probable+possible, respectively. To develop these reserves we plan to drill an additional 455 infill wells including 36 infill wells in 2011. Since the reserve report as at June 30, 2010 as set out in our prospectus dated December 1, 2010, our net proved and net proved+probable reserves increased by approximately 11.9% and 10.1%, respectively, mostly from infill drilling, indicating the Company has substantial continuing growth potential in its existing oilfields in China.

The daily production of MI Energy Corporation ("MIE"), our wholly owned subsidiary, has grown significantly since it took over operations of the three oilfields in 2001. The average daily net output reached 6,439 barrels in 2007, 8,150 barrels in 2008, 7,637 barrels in 2009 and 9,349 barrels in 2010, representing a CAGR of 13.24%.

On February 14, 2011, the Company announced another important milestone in agreeing to acquire all the issued and outstanding participation interests of Emir-Oil, LLC, an oil and natural gas exploration and production company in the Republic of Kazakhstan. The acquisition of Emir-Oil, LLC will be an important first step for the Company towards becoming an international oil and gas company. Based on Emir-Oil, LLC's reserve report as of March 31, 2010, the contracted area has proved reserves, proved+probable reserves, and proved+probable+possible reserves of approximately 22.7 million, 92.2 million and 127.6 million barrels of oil equivalent, respectively. In addition, based on the evaluation of four resource prospects in the contracted area as at July 1, 2010, there is an estimated prospective resources of approximately 171.0 million barrels of oil on an unrisks basis and 51.3 million barrels of oil on a risks basis.

於二零一零年十二月三十一日，我們預計淨探明、探明+概算及探明+概算+可能原油儲量分別約為32.9百萬桶、52.5百萬桶及66.4百萬桶，分別較我們於二零一零年十二月一日發佈的招股章程中所載的二零一零年六月三十日的儲量增加3.5百萬桶、4.9百萬桶及5.3百萬桶。於二零一零年十二月三十一日，我們的2C或有資源估計為4.9百萬桶，未發現遠景資源的最佳估計為4.9百萬桶。

年內，我們開始於大安油田實施加密鑽井，並成功鑽探六口油井。我們於二零一零年十二月三十一日首次將來自該等加密鑽井的探明、探明+概算及探明+概算+可能儲量中的3.3百萬桶、4.3百萬桶及5.2百萬桶納入我們的儲量。為開發該等儲量，我們計劃另外鑽探455口加密井，包括將於二零一一年鑽探的36口加密井。與我們於二零一零年十二月一日刊發的招股章程中所載的二零一零年六月三十日的儲量報告相比，我們預計淨探明、淨探明+概算儲量分別增加了約11.9%和10.1%，這些增加的儲量主要來源於加密鑽井，這也進一步說明了本公司在中國現有的油田仍具備相當的持續增長潛力。

我們的全資附屬公司MI能源公司(「MIE」)自二零一零年接手三個油田的業務以來，日產量已大幅增加。二零零七年、二零零八年、二零零九年及二零一零年的日均原油淨產量分別達到6,439桶、8,150桶、7,637桶及9,349桶，複合年增長率為13.24%。

於二零一一年二月十四日，本公司宣佈取得另一項重大發展，即協議收購Emir-Oil, LLC的所有已發行參股權益。Emir-Oil, LLC是一間位於哈薩克斯坦共和國的石油及天然氣勘探及開採公司。收購Emir-Oil, LLC將是本公司發展成一間國際油氣公司的第一步，亦是重要一步。根據Emir-Oil, LLC於二零一零年三月三十一日的儲量報告，合同區域的探明儲量、探明+概算儲量，以及探明+概算+可能原油儲量分別約為22.7百萬桶、92.2百萬桶及127.6百萬桶油當量。此外，根據二零一零年七月一日對合同區域中四個資源目標的評估，預計無風險及有風險推測資源量分別約為171.0百萬桶石油以及51.3百萬桶石油。

Chairman's Statement (continued)

主席報告書(續)

Given the upward trend in international crude oil price since late 2010, the planned increase in our capital expenditures and wells to be drilled in 2011 for the Daan, Moliqing and Miao 3 oilfields, and the future contribution from Emir-Oil, LLC, we expect to have another strong year in 2011.

The energy sector is expected to continue its rapid growth amidst stronger hopes on recovery of the global economy, increasing consumption of petroleum and other kinds of energy, and climbing oil prices. In the face of heated competition in China as well as overseas and other uncertainties (such as the unrest in North Africa and Middle East, wars, energy policy changes and major oil and gas leaks), we will strive to raise our competitiveness and gradually develop our business by expanding the geographical and operational scope, improving the quality of our staff, upgrading facilities, tapping into overseas markets, optimizing corporate structure and reducing operating costs.

Last but not least, I would like to take this opportunity to express my heartfelt thanks to the Board and all the staff for their efforts over the past year, and to our shareholders and business partners for their trust in and support to us.

Zhang Ruilin
Chairman

鑒於國際原油價格自二零一零年年底以來的上升走勢，我們計劃於二零一一年加大資本支出並將於大安、莫里青及廟三鑽探油井，以及Emir-Oil, LLC未來的貢獻，我們預計本公司將於二零一一年再度錄得強勁表現。

受惠於全球經濟復甦的預期增強，汽油及其他能源的消耗量增加以及油價不斷上漲，能源行業預計將繼續保持快速增長。鑒於國內外競爭加劇以及其他不確定因素(例如北非及中東的動盪、戰爭、能源政策變動以及嚴重的油氣洩漏)，我們將透過擴大地理分佈及營運範圍、提升員工質素、升級生產設施、發展海外市場、優化企業架構以及降低營運成本，全力提高競爭力並逐步拓展業務。

最後，我希望借此機會衷心感謝董事會及全體員工於過去一年付出的努力，以及我們的股東與業務合作夥伴對我們的信任及支持。

主席
張瑞霖

Directors and Senior Management

董事及高級管理層

Executive Directors

Zhang Ruilin, aged 40, has been our executive Director, Chairman and Chief Executive Officer since his appointment on March 20, 2008. He, along with Mr. Zhao, is the controlling shareholder of Far East Energy Limited ("FEEL"). Following the takeover of MIE by FEEL from Microbes Inc. in August 2003, Mr. Zhang joined us in September 2003 and has since been a director of MIE. He is primarily responsible for overseeing our overall strategies, planning and day-to-day management and operations. Mr. Zhang has over 20 years of experience in the oil and gas business, during which he acquired his experience as an oilfield worker and technician for PetroChina in 1989 and as the chairman and general manager at a local oilfield services company, Jilin San Huan Petrochemical Co., Ltd., for over five years. In May 2003, he founded FEEL in Hong Kong, through which he acquired MIE from Microbes Inc. Mr. Zhang is a member of the Songyuan Committee of the China's National People's Congress. Mr. Zhang graduated from Jilin Petroleum College in 1995.

Zhao Jiangwei, aged 39, has been our executive Director, vice Chairman and senior vice president since his appointment on December 19, 2008. He is one of our controlling shareholders. Mr. Zhao has over 18 years of experience in the oil and gas industry, during which he acquired his experience as a technician for PetroChina at the Jilin oilfields from 1993 to 1999 and as the manager of the technical department at Jilin San Huan Petrochemical Co., Ltd. from 2000 to 2003. Following the takeover of MIE by FEEL from Microbes Inc. in August 2003, Mr. Zhao joined our company in September 2003 and has since been a director of MIE. He is and will continue to be primarily responsible for assisting the Chairman in overseeing the operations at the Daan, Moliqing and Miao 3 oilfields. Mr. Zhao obtained a bachelor of arts degree from Daqing Petroleum College in 1999.

Forrest Lee Dietrich, aged 59, has been our executive Director and senior vice president since his appointment on December 19, 2008. Prior to joining us in January 2002, Mr. Dietrich joined Microbes, Inc. in 1994 and held various technical and management positions during different phases of development of the production sharing contracts. He is primarily responsible for mid-term and long-term planning and reserves management. Mr. Dietrich has over 36 years of experience in the oil and gas business, during which he acquired his experience as the vice president of operations for Greenwich Oil Corporation, an oil company based in Dallas, Texas, from 1985 to 1994 and served in various capacities as area engineering supervisor, evaluations specialist and planning coordinator and in various staff engineering positions at Texaco USA (Getty Oil) in Texas and California from 1974 to 1985. Mr. Dietrich has been a member of the Society of Petroleum Engineers since 1972 and has been a professional engineer in the State of Texas since 1984. He has authored and co-authored four technical papers

執行董事

張瑞霖先生，40歲，自二零零八年三月二十日起出任本公司執行董事、董事長兼首席執行官。彼連同趙先生均為Far East Energy Limited (「FEEL」)的控股股東。隨著FEEL於二零零三年八月向Microbes Inc.收購MIE後，張先生於二零零三年九月加入本公司，自此一直擔任MIE的董事。彼主要負責監管本公司整體戰略、規劃及日常管理與經營。張先生在油氣行業擁有逾20年經驗，彼於一九八九年曾擔任中石油油田工人及技術員，並在當地一家油田服務公司吉林三環石油化工有限公司任董事長兼總經理逾五年，從而累積經驗。於二零零三年五月，彼在香港創辦FEEL，並藉此向Microbes Inc.收購MIE。張先生為中華人民共和國(「中國」)全國人民代表大會松原市委員會委員。張先生於一九九五年畢業於吉林油田職業教育中心。

趙江巍先生，39歲，自二零零八年十二月十九日起出任本公司執行董事、副董事長兼高級副總裁。彼為本公司的控股股東。趙先生在油氣行業擁有逾18年經驗，彼於一九九三年至一九九九年在中石油吉林油田擔任技術員，並於二零零零年至二零零三年任吉林三環石油化工有限公司技術部門經理，從而累積經驗。隨著FEEL於二零零三年八月向Microbes Inc.收購MIE後，趙先生於二零零三年九月加入本公司，自此一直擔任MIE的董事。彼現時並將繼續主要負責協助董事長監管大安、莫里青及廟3油田的營運。於一九九九年，趙先生取得大慶石油學院文學士學位。

Forrest Lee Dietrich，59歲，自二零零八年十二月十九日起出任本公司執行董事兼高級副總裁。在二零零二年一月加入本公司之前，Dietrich先生於一九九四年加入Microbes, Inc.，並在產品分成合同不同開發階段擔任技術及管理數職。彼主要負責中期及長期規劃與儲量管理。Dietrich先生在油氣行業擁有逾36年經驗，彼於一九八五年至一九九四年在德克薩斯州達拉斯設立的一家石油公司Greenwich Oil Corporation任營運副總裁，並自一九七四年至一九八五年在德克薩斯州及加利福尼亞州的Texaco USA (Getty Oil)歷任區域工程主管、評估專員及規劃協調員及主管工程師職務。自一九七二年以來，Dietrich先生一直為石油工程師協會會員，並自一九八四年起為德克薩斯州專業工程師。彼為石油工程師協會著有及合著四篇關於微生物強化採

Directors and Senior Management (continued)

董事及高級管理層(續)

for the Society of Petroleum Engineers regarding microbial enhanced oil recovery and presented three of those papers at their technical meetings. Mr. Dietrich obtained a bachelor's degree in science in Petroleum and Natural Gas Engineering from Pennsylvania State University in 1974.

Allen Mak, aged 50, has been our executive Director since his appointment on July 9, 2009. He is also our Chief Financial Officer, joint company secretary and senior vice president. Mr. Mak joined our company in November 2008 as Chief Financial Officer and has about 28 years of experience in finance and accounting. He was previously the chief financial officer of CITIC 21CN Company Limited (Stock Code: 241), a company listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), for over three years. Prior to his career as a chief financial officer, Mr. Mak was an investment banker and has over 11 years of experience in investment banking. He was an assistant director at Peregrine, executive director at Citicorp and the managing director and head of the investment banking group of a securities firm based in Hong Kong. Mr. Mak also worked in the private equity business for over three years as an investment director at CVC Asia Capital and Citicorp. Prior to Mr. Mak's career in investment banking and private equity, he worked for seven years in the accounting profession at Pricewaterhouse (subsequently renamed as PricewaterhouseCoopers) in Hong Kong, and KPMG and Deloitte in Canada. Mr. Mak has a bachelor's degree in commerce from the University of British Columbia in Canada. He is a chartered accountant certified by the Canadian Institute of Chartered Accountants.

Non-executive Directors

Wang Sing, aged 47, has been our non-executive Director since his appointment on June 22, 2010. Mr. Wang is a partner of TPG Star Energy Ltd. ("TPG") and also the co-chairman of TPG Greater China & Head of TPG Growth North Asia. Prior to joining TPG, he was chief executive officer and executive director of TOM Group Limited from July 2000 to January 2006. During the period from July 1993 to May 2000, he held various positions at Goldman Sachs in both New York and Hong Kong as executive director. Prior to joining Goldman Sachs, Mr. Wang was a strategic consultant with McKinsey & Co., in Chicago, U.S.A.. In addition, Mr. Wang is the chairman of Amerinvest Group of Companies. He is also a member of the Standing Committee of the 10th Yunnan Provincial Committee of the Chinese People's Political Consultative Conference. Mr. Wang has a bachelor's degree in science from Yunnan University, PRC, and a bachelor of arts degree in Philosophy, Politics and Economics and a master's degree in Land Management from University of Oxford, U.K.

油的技術論文並在其技術會議上提出其中三篇。於一九七四年，Dietrich先生取得美國賓西法尼亞州立大學石油及天然氣工程理學士學位。

麥雅倫，50歲，自二零零九年七月九日起出任本公司執行董事。彼亦為本公司首席財務官、聯席公司秘書兼高級副總裁。於二零零八年十一月，麥先生加入本公司擔任首席財務官，彼於財務及會計方面擁有約28年經驗。彼之前擔任中信21世紀有限公司(股份代號：241)(一家在香港聯合交易所有限公司(「聯交所」)上市的公司)的首席財務官逾三年。在成為首席財務官之前，麥先生為投資銀行家並在投資銀行業擁有逾11年經驗。彼曾出任Peregrine的助理董事、Citicorp的執行董事及一家香港證券公司的投資銀行部門的董事總經理及主管。麥先生亦曾擔任CVC Asia Capital及Citicorp的投資總監逾三年，負責私募股本業務。麥先生在從事投資銀行及私募股本職業前，曾在香港羅兵咸永道會計師事務所(英文名稱其後改為PricewaterhouseCoopers)以及加拿大KPMG及Deloitte從事會計專業達七年。麥先生持有加拿大英屬哥倫比亞大學商學士學位。彼為加拿大特許會計師協會認證的特許會計師。

非執行董事

王斌，47歲，自二零一零年六月二十二日起出任本公司非執行董事。王先生為TPG Star Energy Ltd.(「TPG」)的合夥人、TPG Greater China的副主席兼TPG Growth North Asia的負責人。彼在加入TPG之前，自二零零零年七月至二零零六年一月曾出任TOM集團有限公司的首席執行官兼執行董事。自一九九三年七月至二零零零年五月期間，彼曾在高盛紐約及香港擔任多個職務(包括執行董事)。在加入高盛之前，王先生曾擔任美國芝加哥McKinsey & Co.的戰略顧問。此外，王先生為Amerinvest Group of Companies的主席。彼亦為中國人民政治協商會議雲南省第十屆委員會常務委員會委員。王先生持有中國雲南大學理學學士學位，以及英國牛津大學哲學、政治及經濟學文學士學位及土地管理碩士學位。

Directors and Senior Management (continued)

董事及高級管理層(續)

Stephen Cheuk Kin Law, aged 49, has been appointed as the alternate of our non-executive Director, Mr. Wang Sing, since June 25, 2010. Mr. Law is a managing director of TPG Growth. Prior to joining TPG in July 2006, Mr. Law was a director of Morningside Technologies Inc Limited (“Morningside”), where he was responsible for a portfolio of private equity investments. Prior to Morningside, Mr. Law focused on corporate finance and development for Wheelock and Co. Ltd. (“Wheelock”) and i-CABLE Communications Ltd. (“i-CABLE”) to develop various businesses in China and Hong Kong. Prior to working for Wheelock and i-CABLE, Mr. Law served as regional financial controller for a number of multinationals. He is a member of the Institute of Chartered Accountants in England and Wales, a member of the Hong Kong Institute of Certified Public Accountants and a registered practicing Certified Public Accountant in Hong Kong. He is a council member of Hong Kong Institute of Certified Public Accountants, and the chairman of the Corporate Governance Award Organizing Committee and the vice-chairman of the Corporate Finance Committee. He holds a Bachelor of Science degree from the University of Birmingham and a Masters degree in Business Administration from the University of Hull, United Kingdom.

Independent non-executive Directors

Mei Jianping, aged 51, has been our independent non-executive Director since his appointment on November 27, 2010. Mr. Mei has been a professor of finance at Cheung Kong Graduate School of Business in Beijing, China since 2006 and a fellow at Financial Institutions Center, the Wharton School of University of Pennsylvania, since 2004. He was a tenured associate professor of finance from 1996 to 2005 and an assistant professor of finance from 1990 to 1995 at New York University. From 2003 to 2008, he also taught at Tsinghua University as a special term professor of finance. Mr. Mei has been the chairman of the board of Shanghai Zhangjiang JRtan.com. Inc. since 2000 and a director of Cratings.com Inc., USA since 1999. Since 2009, Mr. Mei has served on the boards of Powerlong Real Estate Holdings Limited, a company listed on the Stock Exchange, and Zhong De Securities Company Limited. Mr. Mei worked as a consultant for various financial institutions, such as Deutsche Bank, UBS, Prudential Insurance of America and Asia Development Bank. He has published a number of books and articles on topics related to finance. Mr. Mei received a bachelor’s degree in Mathematics from Fudan University in 1982, a master’s degree in Economics and a Ph.D. in Economics (Finance) from Princeton University in 1988 and 1990, respectively.

Jeffrey W. Miller, aged 49, has been our independent non-executive Director since his appointment on November 27, 2010. Mr. Miller has over 25 years of experience in the oil and gas industry. Since 2008, Mr. Miller has been the director of upstream and investments for Mercuria Energy Trading Inc., one of the world’s largest independent physical energy trading firms. He is responsible for Mercuria and certain of its

羅卓堅，49歲，自二零一零年六月二十五日獲委任為本公司非執行董事王斌先生的替任董事。羅先生為TPG Growth的董事總經理。羅先生於二零零六年七月加入TPG，在此之前，彼為Morningside Technologies Inc Limited (「Morningside」)的董事，負責私人股本組合。在加入Morningside前，羅先生在會德豐有限公司(「會德豐」)及有線寬頻通訊有限公司(「有線寬頻」)任職，負責企業財務及發展，專注於中國及香港多項業務。在任職於會德豐及有線寬頻之前，羅先生為多間跨國企業的地區財務總監。羅先生為英格蘭及威爾斯特許會計師公會會員、香港會計師公會會員及香港執業會計師。彼為香港會計師公會理事會成員、Corporate Governance Award Organizing Committee主席及Corporate Finance Committee副主席。羅先生擁有英國伯明罕大學理學學士學位及赫爾大學工商管理碩士學位。

獨立非執行董事

梅建平，51歲，於二零一零年十一月二十七日起出任本公司獨立非執行董事。自二零零六年起，梅先生一直擔任中國北京長江商學院金融學教授，並自二零零四年起任賓夕法尼亞大學沃頓商學院金融機構研究中心學者。彼自一九九六年至二零零五年任紐約大學金融學副教授，並自一九九零年至一九九五年任紐約大學金融學助理教授。自二零零三年至二零零八年，彼亦曾在清華大學執教，任特聘金融學教授。梅先生自二零零零年起任上海張江金融灘網絡有限公司董事會主席，並自一九九九年任Cratings.com Inc., USA的董事。自二零零九年以來，梅先生任寶龍地產控股有限公司(一家於聯交所上市的公司)及中德證券有限責任公司董事會成員。梅先生曾出任德意志銀行、瑞士銀行、美國保誠保險和亞洲開發銀行等多家金融機構的顧問。彼曾出版多本關於金融的書籍和發表多篇文章。梅先生於一九八二年獲復旦大學數學學士學位，並分別於一九八八年及一九九零年獲普林斯頓大學經濟學碩士學位和經濟學博士學位(金融)。

Jeffrey W. Miller，49歲，自二零一零年十一月二十七日起出任本公司獨立非執行董事。Miller先生在油氣行業擁有逾25年經驗。自二零零八年以來，Miller先生一直擔任Mercuria Energy Trading Inc.(全球最大的獨立物理能源貿易公司之一)上游投資董事。彼負責Mercuria

Directors and Senior Management (continued)

董事及高級管理層(續)

affiliates' global portfolio of oil and natural gas assets, the majority of which are located in North and South America. Prior to Mercuria, Mr. Miller spent four years, from 2004 to 2008, as president of Moncrief Oil International, a private oil and natural gas company with assets in the former Soviet Union as well as North America. Prior to his career at Moncrief, Mr. Miller was a managing director in global energy investment banking for UBS AG, the successor of Dillon, Read & Co, which he joined in 1993. Mr. Miller received a bachelor's degree, magna cum laude, in Petroleum Engineering from Texas A&M University and a master's degree in Business Administration from the Columbia Business School.

Cai Rucheng, aged 60, has been our independent non-executive Director since his appointment on November 27, 2010. Mr. Cai has over 30 years of experience working in the oil and gas industry. From 1968 to 2004, Mr. Cai worked at the Shengli oilfield in the Shandong Province for Sinopec and held the positions of section head at the Oilfield Geology Division, division head at the Reservoir Engineering Division and chief geologist. From 1998 to 2003, Mr. Cai was also appointed and acted as a senior member of the Technology Committee of Sinopec and the group leader of the expert group for development under the Senior Members Committee of Sinopec. Since 2004, Mr. Cai has retired from the above positions. Mr. Cai is currently the vice chairman and secretary to the board of directors of Shandong Petroleum Society. Mr. Cai is a senior engineer and received a bachelor's degree in Oil and Gas Exploration from China University of Geosciences (formerly known as Beijing Institute of Geology) in 1967.

Senior Management

Shou Xuancheng, aged 60, has been our senior vice president since November 1, 2009. Dr. Shou joined our Company in November 2009 and is responsible for our development and expansion. Dr. Shou has over 38 years of experience in the oil and gas industry, during which he acquired his experience holding a number of high-level positions in the China National Petroleum Corporation and its subsidiaries between 1985 and 2004, including China National Oil & Gas Exploration and Development Corporation, CNPC International (Kazakhstan) Co. Ltd., PetroChina Company Limited and PetroChina International Limited, and as the vice chairman and executive director of CITIC Resources Holdings Limited, a company listed on the Stock Exchange, where he was responsible for the planning and development of oil investments and portfolio from 2005 to 2009. Dr. Shou holds a master's degree and a doctoral degree in Engineering from the Petroleum University of China.

及其若干聯屬公司的石油及天然氣資產(大部分位於北美洲和南美洲)的全球投資組合。在加入Mercuria之前,自二零零四年至二零零八年四年期間,Miller先生擔任Moncrief Oil International總裁,該公司為一家石油及天然氣私營公司,在前蘇聯及北美洲擁有資產。在Moncrief開展其職業生涯前,Miller先生於一九九三年加入UBS AG(其前身為Dillon, Read & Co),擔任全球能源投資銀行董事總經理。Miller先生以優異成績取得德克薩斯州農工大學石油工程學學士學位,並取得哥倫比亞商學院工商管理碩士學位。

才汝成, 60歲,自二零一零年十一月二十七日起出任本公司獨立非執行董事。才先生在油氣行業擁有逾30年經驗。自一九六八年至二零零四年,才先生在中石化山東省勝利油田工作,曾擔任油田地質科科長、油藏工程室主任及總地質師。自一九九八年至二零零三年,才先生獲委任及擔任中石化技術委員會高級委員,兼中石化高級成員委員會發展專家小組組長。自二零零四年起,才先生從上述職位退任。才先生現為山東石油學會董事會副會長兼秘書。才先生為高級工程師,並於一九六七年獲得中國地質大學(前稱為北京地質學院)油氣勘探學士學位。

高級管理層

壽鉉成, 60歲,自二零零九年十一月一日起出任本公司高級副總裁。壽博士於二零零九年十一月加入本公司,並負責本公司的發展及拓展。壽博士在油氣行業擁有逾38年經驗,一九八五年至二零零四年期間,在中石油天然氣集團公司及其附屬公司(包括中國石油天然氣勘探開發公司、中油國際(哈薩克斯坦)公司、中石油天然氣股份有限公司及中國石油天然氣國際有限公司)歷任高職,並任中信資源控股有限公司(一家在聯交所上市的公司,二零零五年至二零零九年期間,彼負責石油投資及投資組合的策劃及發展)副董事長兼執行董事,從而累積經驗。壽博士持有中國石油大學工學碩士及博士學位。

Directors and Senior Management (continued)

董事及高級管理層(續)

Ning Deyu, aged 41, has been our executive vice president since October 2007. Mr. Ning has over 16 years of experience in the oil and gas industry, during which he acquired his experience as technician, section chief and deputy factory manager at PetroChina in the Jilin oilfields prior to joining MIE in 2007 and as the project manager at the foreign cooperation and joint venture division of the Jilin oilfields at PetroChina from 2005 to 2007. Mr. Ning graduated from Daqing Petroleum College with a bachelor's degree in Petroleum Engineering and is a senior engineer.

Andrew S. Harper, aged 59, has been our chief geoscientist from 2001 to 2008 and recently rejoined us on April 1, 2010. Mr. Harper was our chief geologist and president of our international operations from 2001 to 2008. Mr. Harper has over 21 years of experience in the oil and gas industry, during which he acquired his experience working in the exploration and production team of ARCO International Oil & Gas Company prior to joining us in 2001. During his time with ARCO, Mr. Harper worked extensively overseas, including assignments in Chile, Dubai, Norway, the United Kingdom and Indonesia, and as ARCO's resident manager in Bogota, Colombia. Mr. Harper also worked as a basin studies director, Latin America exploration director and exploration project director at the headquarters of ARCO International in the United States from 1990 to 1996 and as an exploration manager at the Andean Basins in ARCO Latin America Inc. from 1999 to 2000. Mr. Harper received a bachelor's degree in Geology from Williams College and a master's degree in Geology from the University of Southern California.

Wang Changlin, aged 60, has been the senior advisor to our Chairman since October 2003 and the director of office of the Board of Directors. Mr. Wang is responsible for corporate level operation and management. He has over 30 years of experience in the oil and gas industry. Prior to joining MIE in 2003, Mr. Wang worked for PetroChina in the Jilin oilfields and held various positions such as section chief, office director and deputy factory manager and has extensive experience in the operation and management of oilfields. Mr. Wang obtained a bachelor's degree from Jilin Provincial Communist Party School and is a senior economist.

Cui Yujia, aged 34, has been the assistant to our chairman since December 2004. Mr. Cui has over 10 years of experience in corporate finance. Prior to joining MIE in 2004, Mr. Cui worked for Changchun Heat Shrinkable Materials Company Limited, which is a subsidiary of China Kinwa High Technology Company Limited, as financial manager. From 2004 to 2008, he was the financial manager of MIE. Mr. Cui graduated from Changchun Taxation College with a bachelor's degree in International Accountancy.

寧德五，41歲，自二零零七年十月起出任本公司執行副總裁。寧先生在油氣行業擁有逾16年經驗，彼於二零零七年加入MIE前為中石油吉林油田的技術員、科長及副廠長，並自二零零五年至二零零七年任中石油吉林油田對外合作及合資經營部門的項目經理，從而累積經驗。寧先生畢業於大慶石油學院，並取得採油工程學士學位，現為高級工程師。

Andrew S. Harper，59歲，自二零零一年至二零零八年出任本公司首席地質師，近期於二零一零年四月一日重新加入本公司。Harper先生於二零零一年至二零零八年任本公司總地質師及本公司國際營運總裁。Harper先生在油氣行業擁有逾21年經驗，在二零零一年加入本公司之前，彼在ARCO International Oil & Gas Company參與勘探及生產團隊而累積工作經驗。在ARCO任職期間，Harper先生海外工作經驗豐富，包括獲派駐智利、迪拜、挪威、英國及印度尼西亞，以及出任哥倫比亞波哥大的駐當地經理。Harper先生亦於一九九零年至一九九六年出任美國ARCO International總部的盆地研究主任、拉丁美洲勘探主任及勘探項目主任，並於一九九零年至二零零零年任ARCO Latin America Inc.安第斯盆地的勘探經理。Harper先生獲Williams College地質學學士學位及南加州大學地質學碩士學位。

王長林，60歲，自二零零三年十月起出任本公司董事長的資深顧問及董事會辦公室主任。王先生負責公司層面的經營及管理。彼在油氣行業擁有逾30年經驗。在二零零三年加入MIE前，王先生於中石油吉林油田擔任科長、辦公室主任及副廠長等多個職務，因而在油田的經營及管理方面累積豐富經驗。王先生取得中共吉林省委黨校學士學位，現為高級經濟師。

崔雨佳，34歲，自二零零四年十二月起出任本公司董事長助理。崔先生在公司財務方面擁有逾10年經驗。在二零零四年加入MIE前，崔先生曾任中科英華高技術股份有限公司附屬公司長春熱縮材料有限公司的財務經理。於二零零四年至二零零八年，彼擔任MIE的財務經理。崔先生畢業於長春稅務學院，並取得國際會計學學士學位。

Directors and Senior Management (continued)

董事及高級管理層(續)

Yang Bo, aged 33, has been our financial controller since April 10, 2007. Mr. Yang has over ten years of experience in finance and accounting. Mr. Yang is responsible for the management of financial reporting. Prior to joining us, Mr. Yang worked for Ernst & Young Hua Ming as an audit manager from 2006 to March 2007. From 2002 to 2005, Mr. Yang worked for PricewaterhouseCoopers Zhong Tian CPAs Company Limited as a senior auditor. From 2000 to 2002, Mr. Yang was an auditor at Arthur Andersen Hua Qiang CPAs. Mr. Yang graduated from Renmin University of China with a bachelor's degree in International Accounting in 1999. He is a Certified Public Accountant in China and he is a member of the Beijing Institute of Certified Public Accountants.

Lian Yunfei, aged 35, has been our general counsel since November 18, 2009. Ms. Lian joined our company in November 2009 and has over five years of experience in the legal field. Prior to joining us, Ms. Lian worked as an associate at Baker & McKenzie's Hong Kong office from 2007 to March 2009 focusing on mergers and acquisitions and general corporate transactions, and Grandall Legal Group (Shanghai), during 2009, focusing on capital markets and private and public securities offerings. In her early career, starting in 2001, she worked in a law firm in Canada, focusing on general practice in Canada, for over three years. Ms. Lian obtained a juris doctor degree in the Faculty of Law from the University of British Columbia in 2007. She received a master's degree in Materials Science and Engineering in 2001 from the University of Florida. She graduated from Shanghai University with a bachelor's degree in Materials Science and Engineering in 1996. She is admitted to practice law in New York.

Mei Liming, aged 29, has been our financial manager since May 27, 2009. Prior to his position as our financial manager, Mr. Mei held the position of vice financial manager from October 2006 to May 2009 and accountant from January 2005 to October 2006. Mr. Mei graduated from Beijing Institute of Petrochemical Technology with a bachelor's degree in Accounting in 2003. Prior to joining our company, Mr. Mei worked as an accountant in SONY in 2004.

楊波，33歲，自二零零七年四月十日起出任本公司財務總監。楊先生在財務及會計領域擁有逾十年經驗。楊先生負責公司的財務報告。在加入本公司之前，自二零零六年至二零零七年三月，楊先生任安永華明會計師事務所核數經理。二零零二年至二零零五年期間，楊先生任普華永道中天會計師事務所有限公司資深核數師。自二零零零年至二零零二年，楊先生任安達信華強會計師事務所核數師。楊先生於一九九九年畢業於中國人民大學，並取得國際會計學學士學位。彼為中國註冊會計師及北京註冊會計師協會會員。

連雲飛，35歲，自二零零九年十一月十八日起出任本公司總法律顧問。連女士於二零零九年十一月加入本公司，並在法律領域擁有逾五年經驗。在加入本公司前，自二零零七年至二零零九年三月，連女士為Baker & McKenzie香港辦事處的律師，專注於合併與收購及一般公司交易，並於二零零九年於Grandall Legal Group (Shanghai)累積經驗，專注於資本市場及私人及公開證券發售。在其早期職業生涯中，彼自二零零一年開始任職於加拿大一家律師事務所，在加拿大專注於全面執業逾三年。於二零零七年，連女士取得英屬哥倫比亞大學法學院的法學博士學位。於二零零一年，彼獲佛羅裡達大學材料科學與工程學碩士學位。彼於一九九六年畢業於上海大學，取得材料科學與工程學學士學位。彼獲准在紐約執業。

梅黎明，29歲，自二零零九年五月二十七日起出任本公司財務經理。擔任本公司財務經理職務前，梅先生於二零零六年十月至二零零九年五月曾任副財務經理職務，而於二零零五年一月至二零零六年十月期間任會計師職務。梅先生於二零零三年畢業於北京石油化工學院，取得會計學學士學位。在加入本公司之前，梅先生於二零零四年曾出任索尼的會計師。

Directors and Senior Management (continued)

董事及高級管理層(續)

Joint Company Secretaries

Mr. Allen Mak, CA, is our joint company secretary. Besides being a chartered accountant certified by the Canadian Institute of Chartered Accountants, Mr. Mak has about 28 years of experience in finance and accounting, as further set out in the section "Directors and Senior Management – Executive Directors" in this Annual Report.

Ms. Chu Man Yee, ACS, ACIS, aged 38, is our joint company secretary. Ms. Chu is a senior manager of the corporate services division of Tricor Services Limited. Ms. Chu is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Ms. Chu has approximately 15 years of experience in the company secretarial area. Ms. Chu currently acts as the joint company secretary of MicroPort Scientific Corporation (Stock code: 853), a company also listed on the Stock Exchange.

Relationship among Directors and Senior Management

Save for Mr. Zhao, our vice chairman, senior vice president and executive Director, who is the brother-in-law of Mr. Zhang, our Chairman, Chief Executive Officer and executive Director, there are no family relationships between any of our Directors and senior management.

聯席公司秘書

麥雅倫先生，特許會計師，本公司的聯席公司秘書。除為加拿大特許會計師協會認證的特許會計師外，麥先生於財務及會計方面擁有約28年經驗，進一步詳情載於本年報「董事及高級管理層－執行董事」一節。

朱敏怡女士，ACS，ACIS，38歲，本公司的聯席公司秘書。朱女士為卓佳專業商務有限公司企業服務部資深經理。朱女士為英國特許秘書及行政人員公會及香港特許秘書公會會員。朱女士在公司秘書領域擁有約15年經驗。朱女士現時亦擔任一家聯交所上市公司微創醫療科學有限公司(股份代號：853)的聯席公司秘書。

董事與高級管理層之間的關係

除本公司副董事長、高級副總裁兼執行董事趙先生為本公司董事長、首席執行官兼執行董事張先生的內弟外，本公司董事與高級管理層之間概無親屬關係。

Corporate Governance Report

企業管治報告

The Board of the Company is pleased to present this Corporate Governance Report in the Group's Annual Report for the year ended December 31, 2010.

The manner in which the principles and code provisions in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange ("Listing Rules") are applied and implemented as explained in the following sections of this Corporate Governance Report:

Corporate Governance Practices

The Group strives to achieve high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has adopted various measures to ensure a high standard of corporate governance and has put in place corporate governance practices that are considered to be relevant to the Group, to meet the code provisions as set out in the CG Code.

In the opinion of the Directors, the Company has complied with the code provisions as set out in the CG Code during the period from the Listing Date to December 31, 2010, except for the Code Provision A.2.1 stated below, which in opinion of the Directors is not appropriate to follow. The Company has also put in place certain recommended best practices as set out in the CG Code.

The Company reviews its corporate governance practices regularly to ensure compliance with the CG Code.

本公司董事會欣然提呈本集團截至二零一零年十二月三十一日止年度年報之企業管治報告。

採納及執行根據聯交所證券上市規則(「上市規則」)附錄十四企業管治常規守則(「企業管治守則」)所附載的原則和守則條文的方式註解於本企業管治報告如下各節：

企業管治常規

本集團致力達到高標準的企業管治，以保護股東的權益和提高公司價值和問責度。

本公司已採取多項措施確保高標準的企業管治，並實行認為與本集團相關的企業管治常規，以達到企業管治守則所載的守則條文規定。

董事認為，自上市日期至二零一零年十二月三十一日期間，本公司已遵守企業管治守則所載的守則條文，惟下文所述董事認為並不適用之守則條文第A.2.1條除外。本公司亦已實施企業管治守則所載之若干建議最佳常規。

本公司定期檢討其企業管治常規，以確保遵守企業管治守則。

Corporate Governance Report (continued)

企業管治報告(續)

The Board/Board of Directors

Responsibilities

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The Board has delegated to the Chief Executive Officer, and through him, to the senior management the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

The Company has arranged for appropriate insurance coverage for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

Board composition

The Board currently comprises eight members, consisting of four executive Directors, one non-executive Director and three independent non-executive Directors.

The Company has adopted the recommended best practice under the CG Code for the Board to have at least one-third of its membership comprising independent non-executive Directors.

The list of all Directors and all corporate communications issued by the Company pursuant to the Listing Rules from time to time are set out under "Corporate Information" on page 2. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The Board of the Company comprises the following Directors:

Executive Directors:

Mr. Zhang Ruilin (*Chairman*)
Mr. Zhao Jiangwei
Mr. Forrest Lee Dietrich
Mr. Allen Mak

Non-executive Directors:

Mr. Wang Sing
Mr. Law Cheuk Kin, Stephen (*alternate to Mr. Wang Sing*)

董事會

職責

董事會負責領導及監察本公司，並監督本集團之業務、策略方針及表現。董事會已委派行政總裁，並通過其授予高級管理層權力及責任進行本集團之日常管理及經營。此外，董事會亦已成立董事委員會並授予該等董事委員會各項責任，詳情載於其各自之職權範圍內。

所有董事須確保本著真誠履行職責，遵守適用法例及法規，並時刻為本公司及其股東之利益行事。

本公司已就其董事及高級管理層可能會面對由企業活動產生之法律行動，為董事及行政人員之職責作出適當之投保安排。

董事會組成

董事會現時由八名成員組成，包括四名執行董事，一名非執行董事及三名獨立非執行董事。

本公司已採納企業管治守則之建議最佳常規，董事會至少三分之一成員由獨立非執行董事組成。

所有董事之名單及本公司不時根據上市規則刊發之所有公司通訊載於第2頁之「公司資料」。根據上市規則，在所有公司通訊中，已明確說明獨立非執行董事之身份。

本公司董事會包括以下董事：

執行董事：

張瑞霖先生(*主席*)
趙江巍先生
Forrest Lee. Dietrich先生
麥雅倫先生

非執行董事：

王斌先生
羅卓堅先生(*王斌先生的替任董事*)

Corporate Governance Report (continued)

企業管治報告(續)

Independent non-executive Directors:

Mr. Mei Jianping
Mr. Jeffrey W. Miller
Mr. Cai Rucheng

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

The relationships among the members of the Board are disclosed under “Relationship among Directors and Senior Management” on page 16.

During the period from the Listing Date to December 31, 2010, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

The non-executive Directors bring a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation at Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all non-executive Directors make various contributions to the effective direction of the Company.

獨立非執行董事：

梅建平先生
Jeffrey W. Miller先生
才汝成先生

董事名單(按類別)亦於本公司不時根據上市規則刊發之所有公司通訊內披露。

董事會成員之間之關係乃於第16頁之「董事與高級管理層之間的關係」中披露。

於上市日期至二零一零年十二月三十一日期間，董事會一直符合上市規則有關委任至少三名獨立非執行董事，其中最少一名獨立非執行董事須具備合適專業資格或會計或相關財務管理專業知識的規定。

本公司已接獲各獨立非執行董事根據上市規則之規定就其獨立性而呈交的年度書面確認。根據上市規則所載的獨立性指引，本公司確信所有獨立非執行董事的獨立性。

非執行董事為董事會注入廣泛的業務及財務專業知識、經驗及獨立判斷。透過積極參與董事會會議，主導處理涉及潛在利益衝突之事宜並出任董事委員會，所有非執行董事對本公司之實際發展作出多方面貢獻。

Corporate Governance Report (continued)

企業管治報告(續)

Chairman and Chief Executive Officer

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Zhang Ruilin currently holds the offices of Chairman and Chief Executive Officer of the Company. This constitutes a deviation from Code Provision A.2.1. The reason for such deviation is set out below.

The Company is engaged in the oil and gas exploration and production business which is different from integrated oil companies engaging in both upstream and downstream operations. In light of this, the Board considers that the interest of the Company's oil and gas exploration and production business is best served when strategic planning decisions are made and implemented by the same person. The Nomination Committee of the Company has also agreed that it is in the best interest of the Company that the roles of the Chairman of the Board and Chief Executive Officer be performed by the same individual. In this respect, the Company does not currently propose to designate another person as the Chief Executive Officer of the Company. However, the Company will continue to review the effectiveness of the Group's corporate governance structure and consider whether any changes, including the separation of the roles of Chairman and Chief Executive Officer, are necessary.

Appointment and Re-election of Directors

Each of the Directors of the Company are appointed for a specific term of three years and shall be subject to retirement by rotation once every three years.

In accordance with the Company's Articles of Association, all Directors of the Company are subject to retirement by rotation at least once every three years and any new Director appointed to fill a causal vacancy or as an addition to the Board shall submit himself for re-election by shareholders at the next following annual general meeting after appointment.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, monitoring the appointment of Directors and assessing the independence of independent non-executive Directors.

董事長及首席執行官

根據守則條文第A.2.1條，董事長和首席執行官的角色應有區分，不應由同一人兼任。

張瑞霖先生現任本公司董事長兼首席執行官。該委任與守則條文第A.2.1條相偏離。該偏離的原因載於下文。

有別於從事上下游業務的綜合石油公司，本公司從事油氣勘探及生產業務。有鑒於此，董事會認為，由同一人制定戰略性計劃決策並付諸實施將最大程度地符合本公司油氣勘探及生產業務的利益。本公司提名委員會亦同意董事長及首席執行官由同一人兼任符合本公司的最佳利益。就此而言，本公司目前並無計劃委任其他人士擔任本公司的首席執行官。然而，本公司將繼續檢討本集團企業管治架構的有效性，並考慮是否有必要作出任何變動(包括將董事長及首席執行官的角色分開)。

董事之委任及重選

本公司每名董事均獲委任三年任期，並須每三年輪席退任一次。

根據本公司之組織章程細則，本公司所有董事均須最少每三年輪席退任一次，而任何獲委任填補臨時空缺或新加入董事會之新任董事須於獲委任後首個股東週年大會由股東重選。

本公司之組織章程細則訂明委任、重選及罷免董事之程序及流程。提名委員會負責檢討董事會的組成、監察董事委任及評估獨立非執行董事的獨立地位。

Corporate Governance Report (continued)

企業管治報告(續)

Nomination Committee

The Nomination Committee comprises three members, namely Mr. Mei Jianping (chairman of the Committee), Mr. Jeffrey W. Miller and Mr. Cai Rucheng, all of them are independent non-executive Directors.

The principal duties of the Nomination Committee include the following:

- To review the structure, size and composition of the Board and make recommendations regarding any proposed changes
- To identify suitable candidates for appointment as Directors
- To make recommendations to the Board on appointment or re-appointment of and succession planning for Directors

During the period from the Listing Date to December 31, 2010, no meeting for the Nomination Committee was held since the Nomination Committee was only established on November 27, 2010.

In accordance with the Company's Articles of Association, Mr. Zhang Ruilin, Mr. Zhao Jiangwei and Mr. Forrest Lee Dietrich shall retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company's circular dated March 31, 2011 contains detailed information of the Directors standing for re-election.

Training Induction and Continuing Development of Directors

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors are continually updated on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for Directors will be arranged where necessary.

提名委員會

提名委員會包括三名成員，分別為梅建平先生（委員會主席）、Jeffrey W. Miller先生及才汝成先生，彼等均為獨立非執行董事。

提名委員會之主要職責包括：

- 檢討董事會之架構、規模及組成，並就任何建議變動提出推薦意見
- 物色適合之董事人選
- 就董事之委任或連任及繼任計劃向董事會提出推薦意見

於上市日期至二零一零年十二月三十一日期間，提名委員會並無舉行會議，因為提名委員會僅於二零一零年十一月二十七日成立。

根據本公司組織章程細則，張瑞霖先生、趙江巍先生及Forrest Lee Dietrich先生將於應屆股東週年大會上輪席退任及符合資格膺選連任。

本公司於二零一一年三月三十一日刊發之通函載有候選連任董事之詳細資料。

董事的培訓、入職及持續發展

每名新委任的董事於首次接受委任時均會獲得正式、全面及度身製訂的入職介紹，以確保該董事對本公司的業務及經營均有適當的認知，以及完全清楚根據上市規則及有關監管規定的董事職務及責任。

董事亦將持續獲得有關法律和監管機制以及業務環境的最新消息，以協助履行彼等的職務。本公司會於必要時作出安排，向董事持續提供簡介及專業發展培訓。

Corporate Governance Report (continued)

企業管治報告(續)

Board Meetings

董事會會議

Board practices and conduct of meetings

董事會常規及舉行會議

According to the current Board practices:

根據現行董事會常規：

- Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.
- Notice of regular Board meetings is served to all Directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is generally given.
- Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management where necessary.
- The secretary of the meetings is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and final versions are open for Directors' inspection.
- The Company's Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.
- 週年會議時間表及各會議的草擬議程一般會預先發給董事。
- 定期舉行之董事會會議通告須於會議舉行日期最少14天前送交全體董事。至於其他董事會及委員會會議，則一般須給予合理時間通知。
- 董事會文件連同適用、完整及可靠的資料，須於各董事會會議或委員會會議舉行日期最少三日前送交全體董事，以便彼等及時了解本公司的最新發展及財務狀況，從而作出知情決定。董事會及各董事亦可於有需要時個別及獨立聯繫高級管理人員。
- 會議秘書負責記錄及保存所有董事會會議及委員會會議的會議記錄。會議記錄初稿一般會於該會議舉行後的合理時間內供董事傳閱及提出意見，而定稿可供董事查閱。
- 根據本公司組織章程細則之規定，有關董事於批准彼等或其任何聯繫人士有重大利益之交易時，須放棄投票並不計入會議法定人數。

During the period from the Listing Date to December 31, 2010, no Board meeting was convened by the Company.

於上市日期至二零一零年十二月三十一日期間，本公司並無召開董事會會議。

Corporate Governance Report (continued)

企業管治報告(續)

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules and applied the same to the Directors and the employees who are likely to be in possession of unpublished price-sensitive information of the Company.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code during the period from the Listing Date to December 31, 2010. In addition, no incident of non-compliance of the Model Code by the employees was noted by the Company.

Delegation by the Board/of Management Functions

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

The Board has established three committees, namely, the Nomination Committee, Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference which are posted on the Company's website and are available to shareholders upon request.

證券交易的標準守則

本公司已採納上市規則附錄十所載的上市發行人董事進行證券交易的標準守則(「標準守則」)，並將其應用於可能擁有未刊發之本公司股價敏感資料之董事及僱員。

經向全體董事作出具體查詢後，董事已確認彼等於上市日期至二零一零年十二月三十一日期間一直遵守標準守則。此外，本公司概無知悉任何僱員不遵守標準守則。

董事會權力／管理職能之授權

董事會保留本公司所有重要事項的決策權，包括批准及監察所有政策事宜、整體策略及預算、內部監控及風險管理系統、重大交易(特別是可能涉及利益衝突之交易)、財務資料、委任董事及其他重要財務及營運事宜。

全體董事可全面並且及時地查詢所有相關資料，以及取得本公司秘書的意見和獲得其服務，以確保遵守董事會程序和所有適用法例及規例。各董事一般可透過向董事會提出要求，在適當的情況下尋求獨立專業意見，費用由本公司支付。

本公司的日常管理、行政及經營乃授權予首席執行官及高級管理層。定期檢討所指派的職責及責任。在訂立任何重大交易前，上述高級行政人員必須取得董事會批准。

董事會已設立三個委員會，即提名委員會、薪酬委員會及審核委員會，以監督本公司特定方面之事務。本公司所有董事會委員會均按書面界定之職權範圍成立。董事會委員會之職權範圍於本公司網站上貼出，可應要求向股東提供。

Corporate Governance Report (continued)

企業管治報告(續)

Remuneration of Directors and Senior Management

The Company has established a formal and transparent procedure for formulating policies on remuneration of the Directors and senior management of the Group. Details of the remuneration of each of the Directors of the Company for the year ended December 31, 2010 are set out on page 126 in note 20 to the financial statements.

Remuneration Committee

The Remuneration Committee comprises three members, namely, Mr. Mei Jianping (chairman of the Committee), Mr. Jeffrey W. Miller and Mr. Cai Rucheng, all of which are independent non-executive Directors.

The primary objectives of the Remuneration Committee include the following:

- To make recommendations on the policy and structure for the remuneration of the Directors and the senior management
- To review and approve the remuneration packages of the executive Directors and the senior management by reference to the performance of the individual and the Company as well as market practice and conditions
- To review and approve the compensation arrangements for the executive Directors and the senior management.

During the period from the Listing Date to December 31, 2010, no meeting for the Remuneration Committee was held since the Remuneration Committee was only established on November 27, 2010.

Accountability and Audit

Directors' responsibilities for financial reporting

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2010.

The Board, supported by the finance and legal team of the Group, is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

董事及高級管理層之酬金

本公司已設立一套正規而具透明度的程序，以制訂有關本集團董事及高級管理層酬金的政策。有關本公司每位董事於截至二零一零年十二月三十一日止年度之酬金詳列於第126頁之財務報表附註20。

薪酬委員會

薪酬委員會由三名成員組成，即梅建平先生(委員會主席)、Jeffrey W. Miller先生及才汝成先生，彼等均為獨立非執行董事。

薪酬委員會之主要目標包括如下方面：

- 就董事及高級管理層之薪酬政策及架構作出建議
- 以個人及本公司業績及市場慣例及情況審議及批准執行董事及高級管理層之薪酬待遇
- 審議及批准執行董事及高級管理層之賠償安排。

由於薪酬委員會僅於二零一零年十一月二十七日成立，故此於上市日期至二零一零年十二月三十一日期間概無召開任何會議。

問責性及審計

董事就財務報告之責任

董事確認彼等有責任就截至二零一零年十二月三十一日止年度編製本公司之財務報表。

董事會在本集團財務及法律團隊的支持下，須負責就年度及中期報告、股價敏感公佈及根據上市規則及其他法定及監管規定而須發表之其他披露呈報作出平衡、清晰及可理解之評估。

Corporate Governance Report (continued)

企業管治報告(續)

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

Internal Controls

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate internal control system to safeguard shareholder investments and Company assets and with the support of the Audit Committee, reviewing the effectiveness of such system on an annual basis.

The Board has conducted a review of the effectiveness of the internal control system of the Company including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

Audit Committee

The Audit Committee comprises all the independent non-executive Directors, namely, Mr. Jeffrey W. Miller (chairman of the Committee), Mr. Mei Jianping and Mr. Cai Rucheng.

The main duties of the Audit Committee include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by external auditors before submission to the Board
- To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditors
- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee of the Company has reviewed the Group's consolidated financial statements for the year ended December 31, 2010, including the accounting policies adopted by the Group and has discussed the internal control and financial reporting matters of the Group.

During the period from the Listing Date to December 31, 2010, no meeting for the Audit Committee was held since the Audit Committee was only established on November 27, 2010.

管理層已向董事會提供有關必要之解釋及資料，以令董事會對獲提呈予董事會批准之本公司財務報表作出知情評估。

內部監控

董事會確認，董事會有責任維持足夠的內部監控系統以保障股東投資及本公司資產，並在審核委員會之支援下，每年檢討系統之有效性。

董事會已對本公司內部監控系統之有效性(包括本公司於會計及財務報告職能方面的資源、員工之資歷及經驗，以及員工的培訓課程及預算是否充足)進行檢討。

審核委員會

審核委員會由全體獨立非執行董事組成，即 Jeffrey W. Miller 先生(審核委員會主席)、梅建平先生及才汝成先生。

審核委員會之主要職責包括下列各項：

- 於向董事會提交財務報表及報告前審閱財務報表及報告，並考慮由外聘核數師提出的任何重大或不尋常事項
- 參考核數師所進行之工作、其費用及聘用條款，檢討與外聘核數師的關係，並就外聘核數師的委任、重新委任及罷免向董事會提供建議
- 檢討本公司的財務報告制度、內部監控制度及風險管理制度及相關程序是否足夠及有效。

本公司審核委員會已審閱本集團截至二零一零年十二月三十一日止年度之合併財務報表，包括本集團採納之會計政策並討論本集團內部監控及財務報告事宜。

由於審核委員會於二零一零年十一月二十七日成立，因此於上市日期至二零一零年十二月三十一日期間，並無召開審核委員會會議。

Corporate Governance Report (continued)

企業管治報告(續)

External Auditors and Auditors' Remuneration

The statement of the external auditors of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" on page 54.

The remuneration paid/payable to the external auditors of the Company in respect of audit services and non-audit services for the year ended December 31, 2010 amounted to HK\$2,439,000 and HK\$159,000 respectively. Audit service rendered included HK\$1,440,000 for work relating to accountants' report for inclusion in the Company's global offering ("Global Offering") prospectus dated December 1, 2010. Non-audit service were tax consultation service in relation to the Company's potential overseas acquisition.

Communication with Shareholders and Investors/Investor Relations

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman of the Board as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available normally to attend the annual general meeting and other relevant shareholder meetings to answer questions.

The 2011 Annual General Meeting ("AGM") will be held on May 6, 2011. The notice of AGM will be sent to shareholders at least 20 clear business days before the AGM.

The Company continues to enhance communication and relationship with its investors. Enquiries from investors are dealt with in an informative and timely manner. Investors may write to the Company at its principal place of business in Hong Kong or via the Company's website for any enquiries.

外聘核數師及核數師酬金

本公司之外聘核數師就對財務報表之申報責任發出之聲明載於第54頁之「獨立核數師報告書」。

截至二零一零年十二月三十一日止年度，付予／應付本公司外聘核數師之核數服務及非核數服務之酬金分別為2,439,000港元及159,000港元。所提供的核數服務包括就本公司於二零一零年十二月一日刊發之全球發售(「全球發售」)招股章程中納入會計師報告的相關工作之1,440,000港元。非核數服務為就本公司之潛在海外收購提供稅務諮詢服務。

與股東及投資者之溝通／投資者關係

本公司認為，與股東有效溝通對加強投資者關係及投資者對本集團業務表現及策略之了解相當重要。本公司亦知悉保持透明度及適時披露公司資料之重要性，此舉將令股東及投資者作出最佳投資決策。

本公司股東大會提供董事會與股東溝通之平台。董事會主席以及提名委員會、薪酬委員會及審核委員會主席通常將出席股東週年大會及其他相關股東會議，進行答疑；或如彼等未能出席，則由各委員會其他成員及，(如適用)獨立董事委員會主席進行答疑。

二零一一年股東週年大會(「股東週年大會」)將於二零一一年五月六日舉行。股東週年大會通告將於股東週年大會舉行前至少二十個完整工作日寄發予股東。

本公司繼續增強與投資者之溝通及關係。投資者查詢均盡快處理以提供有用資料。投資者可直接致函本公司香港主要營業地點，或透過本公司網站作任何查詢。

Corporate Governance Report (continued)

企業管治報告(續)

To promote effective communication, the Company maintains a website at <http://www.mienergy.com.cn>, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

Shareholder Rights

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at shareholder meetings, including the election of individual Directors.

All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of The Stock Exchange after each shareholder meeting.

為促進有效溝通，本公司亦設立網站<http://www.mienergy.com.cn>，該網站刊載本公司業務營運及發展、財務資料、企業管治常規及其他資料之最新資料及更新，以供公眾人士查閱。

股東權利

為保障股東權益及權利，本公司將就各重大事宜（包括選舉個別董事）於股東大會提呈獨立決議案。

股東大會上提呈之所有決議案將根據上市規則進行投票表決，且投票表決之結果將於各屆股東大會結束後於本公司及聯交所網站上刊載。

Report of the Directors

董事會報告

The Directors submit their report together with the audited financial statements for the year ended December 31, 2010.

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding. The activities of its principal subsidiary MIE is to engage in the development, production and sale of crude oil through its four production sharing projects located at four oil blocks in China that it obtained in 2001.

Results and Appropriations

The results of the Group for the year ended December 31, 2010 are set out in the consolidated statement of comprehensive income on pages 59.

The Directors recommend the payment of a special final dividend of HK\$0.035 per ordinary share, totaling HK\$92,447,000.

Reserves

Please refer to the consolidated statement of changes in equity on pages 60 and note 15 to the consolidated financial statements on pages 116 to 117 for movements in the reserves of the Group and the Company, respectively, for the year ended December 31, 2010.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in note 6 to the consolidated financial statements.

Share Capital

Details of the movements in share capital of the Company are set out in note 14 to the consolidated financial statements.

Distributable Reserves

Distributable reserves of the Company at December 31, 2010 are disclosed in the consolidated statements of changes in equity.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's Articles of Association and there was no restriction against such rights under the laws of Cayman Island, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

董事會謹此提呈截至二零一零年十二月三十一日止年度之報告書及經審核財務報表。

主要業務及營運地區分析

本公司之主要業務為投資控股。其主要附屬公司MIE之業務為通過其於二零零一年獲得位於中國四個油區的四個產品分成項目從事開發、生產及銷售原油。

業績及派息

本集團截至二零一零年十二月三十一日止年度的業績載於之合併全面收益表第59頁。

董事會建議派發特別末期股息每股普通股0.035港元，合共92,447,000港元。

儲備

本集團及本公司截至二零一零年十二月三十一日止年度之儲備變動請分別參閱第60頁的合併權益變動表及第116頁至第117頁的合併財務報表附註15。

物業、廠房及設備

本集團物業、廠房及設備之變動詳情載於合併財務報表附註6。

股本

本公司之股本變動詳情載於合併財務報表附註14。

可供分派儲備

本公司於二零一零年十二月三十一日的可供分派儲備已於合併權益變動表披露。

優先購股權

本公司之組織章程細則中並無優先購股權之條文，而開曼群島之法例亦無規定本公司需按比例向現有股東發售新股的限制。

Report of the Directors (continued)

董事會報告(續)

Financial Summary

A summary of the results and of the assets and liabilities of the Group is set out on page 4 of the Annual Report.

Purchase, Sale or Redemption of Securities

A summary of the purchase, sale or redemption of shares of the Company is set out in note 14 to the consolidated financial statements.

Share Options

The Board adopted a stock incentive compensation plan in November 2009 ("Plan") prior to the Listing of the Company on the Stock Exchange designed to attract and retain the best available personnel for positions of substantial responsibility, provide additional incentive to employees and directors and promote the success of our business. Under the Plan, a total of 1,480,870 share options were granted to Directors, executives and employees, of which 100,400 share options lapsed. The share options were granted at nil consideration.

The exercise price of the granted share options is equal to or higher than the market price of the shares on the date of the grant. Each share option gives the holder the right to subscribe for one share of the Company. The share options granted under the Plan typically vest over a two or three year period at each anniversary of the grant date, subject to the participant continuing to be an employee on each vesting date.

The Company has undertaken that no further share options will be granted under the Plan upon the listing of the Company, but the provisions of the Plan shall in all other respects remain in full force and effect and share options granted under the Plan prior to the listing of the Company continue to be exercisable in accordance with the Plan and agreements entered into pursuant to the Plan.

On November 27, 2010, the Board adopted a new share option scheme ("Scheme") to enable the Company to grant options to selected participants as incentives or rewards for their contributions to our Group. Participants of the Scheme include any executive Director, non-executive Director or full time employee of the Group as invited by the Board. The Scheme shall be valid and effective for a period of 10 years commencing from the approval at the Scheme.

The exercise period of any option granted under the Scheme must not be more than ten years commencing on the date of grant. The acceptance of an offer of the grant of the option must be made within 28 days from the date of grant with a non-refundable payment of HK\$1.00 from the grantee. The exercise price determined by the Board will be at the higher of (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of grant and (iii) the nominal value of the shares.

財務概要

本集團之業績、資產及負債概要載於本年報第4頁。

購買、出售或贖回證券

本公司購買、出售或贖回股份之摘要載於合併財務報表附註14。

購股權

於本公司於聯交所上市之前，董事會已於二零零九年十一月採納股份獎勵酬金計劃(「該計劃」)，旨在為具重大責任的職位招攬及聘留優秀適用人才，為僱員及董事提供額外獎勵並促進本公司的業務發展。根據該計劃，合共1,480,870份購股權已向董事、行政人員及僱員授出，其中100,400份購股權已失效。購股權乃以零代價授出。

所授出的購股權的行使價等於或高於授出日期的股份市場價格。各份購股權賦予持有人權利可認購本公司一股股份。根據該計劃授出的購股權一般於授出日期各個週年的兩或三年期間歸屬，惟參與者須在各個歸屬日期保持作為僱員。

本公司已承諾上市後將不再根據該計劃授出其他購股權，惟該計劃的條文在所有其他方面須保持全面生效及有效，而本公司上市前根據該計劃授出的購股權可繼續根據該計劃及根據該計劃所訂立的協議行使。

於二零一零年十一月二十七日，董事會採用一項新的購股權計劃(「購股權計劃」)，本公司可向選定參與者授出購股權，作為彼等對本集團所作貢獻的獎勵或回報。購股權計劃參與者包括董事會邀請的本集團任何執行董事、非執行董事或全職僱員。購股權計劃將於購股權計劃獲批准起計10年期間有效及生效。

根據購股權計劃授予的任何購股權之行使期間不得超過授出日期起計十年。倘接納授出之購股權，承授人必須於授出日期後28天內支付1港元之不可退還付款。由董事會釐定之行使價將為下列三者中之較高者：(i)於授出日期在聯交所每日報價表所示的股份收市價；及(ii)緊接授出日期前五個交易日在聯交所每日報價表所示的股份平均收市價及(iii) 股份面值。

Report of the Directors (continued)

董事會報告(續)

Since the adoption of the Scheme, the Company has not granted any options under the Scheme.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme, the Plan and any other share option scheme of the Company to each participant in any 12 month period shall not exceed 1% of the issued share capital of the Company from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme, the Plan and any other share option scheme of our Company must not in aggregate exceed 10% of the shares in issue as at the Listing Date. As at the Latest Practicable Date, the maximum number of shares available under the Scheme and the Plan is 264,133,400 shares, representing approximately 10% of the issued share capital.

自採納購股權計劃以來，本公司並未根據購股權計劃授出任何購股權。

於根據購股權計劃、該計劃及本公司任何其他購股權計劃授出的購股權行使時，發行及可能發行者予各參與者的股份總數於任何十二個月期間內不得超過本公司不時之已發行股本的1%。於根據購股權計劃、該計劃及本公司任何其他購股權計劃授出的所有購股權行使時，可能發行的股份總數不得超過上市日期發行的股份數目總額的10%。於最後可行日期，根據購股權計劃及該計劃可授出之股份的最大數目為264,133,400股，佔已發行股本約10%。

Report of the Directors (continued)

董事會報告(續)

Details of the share options outstanding as at December 31, 2010 after taking the Capitalization Issue into account which have been granted under the Plan are as follows:

於二零一零年十二月三十一日，經計及資本化發行後，根據該計劃已授出但尚未行使之購股權詳情如下：

Name	Held at January 1, 2010	Number of options granted during the year	Number of options lapsed during the year	Held at December 31, 2010	Exercise price (per Share)	Date of grant	Date of expiration	Exercisable from	Exercisable until
姓名	於二零一零年一月一日持有	本年度授出之購股權數目	本年度已失效之購股權數目	於二零一零年十二月三十一日持有	行權價(每股)	授出日	到期日	可予行使開始日期	可予行使截止日期
Executive directors									
執行董事									
Forrest Lee Dietrich	2,273,163			2,273,163	US\$0.13	November 20, 2009	November 20, 2019	November 20, 2010	November 19, 2019
					0.13美元	二零零九年十一月二十日	二零一零年十一月二十日	二零一零年十一月二十日	二零一零年十一月十九日
	2,273,163			2,273,163	US\$0.13	November 20, 2009	November 20, 2019	November 20, 2011	November 19, 2019
					0.13美元	二零零九年十一月二十日	二零一零年十一月二十日	二零一零年十一月二十日	二零一零年十一月十九日
	2,273,163			2,273,163	US\$0.13	November 20, 2009	November 20, 2019	November 20, 2012	November 19, 2019
					0.13美元	二零零九年十一月二十日	二零一零年十一月二十日	二零一零年十一月二十日	二零一零年十一月十九日
Allen Mak	3,030,904			3,030,904	US\$0.13	November 20, 2009	November 20, 2019	November 20, 2010	November 19, 2019
麥雅倫					0.13美元	二零零九年十一月二十日	二零一零年十一月二十日	二零一零年十一月二十日	二零一零年十一月十九日
	3,030,904			3,030,904	US\$0.13	November 20, 2009	November 20, 2019	November 20, 2011	November 19, 2019
					0.13美元	二零零九年十一月二十日	二零一零年十一月二十日	二零一零年十一月二十日	二零一零年十一月十九日
	3,030,904			3,030,904	US\$0.13	November 20, 2009	November 20, 2019	November 20, 2012	November 19, 2019
					0.13美元	二零零九年十一月二十日	二零一零年十一月二十日	二零一零年十一月二十日	二零一零年十一月十九日
Independent non-executive director									
獨立非執行董事									
Mei Jianping		633,967		633,967	US\$0.25	November 23, 2010	November 23, 2020	November 23, 2011	November 22, 2020
梅建平					0.25美元	二零一零年十一月二十三日	二零一零年十一月二十三日	二零一零年十一月二十三日	二零一零年十一月二十二日
		633,966		633,966	US\$0.25	November 23, 2010	November 23, 2020	November 23, 2012	November 22, 2020
					0.25美元	二零一零年十一月二十三日	二零一零年十一月二十三日	二零一零年十一月二十三日	二零一零年十一月二十二日
Jeffrey W. Miller		905,667		905,667	US\$0.25	November 23, 2010	November 23, 2020	November 23, 2011	November 22, 2020
					0.25美元	二零一零年十一月二十三日	二零一零年十一月二十三日	二零一零年十一月二十三日	二零一零年十一月二十二日
		905,666		905,666	US\$0.25	November 23, 2010	November 23, 2020	November 23, 2012	November 22, 2020
					0.25美元	二零一零年十一月二十三日	二零一零年十一月二十三日	二零一零年十一月二十三日	二零一零年十一月二十二日
Other employees									
其他員工									
	3,637,097		606,193	3,030,904	US\$0.13	November 20, 2009	November 20, 2019	November 20, 2010	November 19, 2019
					0.13美元	二零零九年十一月二十日	二零一零年十一月二十日	二零一零年十一月二十日	二零一零年十一月十九日
	3,637,097		606,193	3,030,904	US\$0.13	November 20, 2009	November 20, 2019	November 20, 2011	November 19, 2019
					0.13美元	二零零九年十一月二十日	二零一零年十一月二十日	二零一零年十一月二十日	二零一零年十一月十九日
	3,637,097		606,193	3,030,904	US\$0.13	November 20, 2009	November 20, 2019	November 20, 2012	November 19, 2019
					0.13美元	二零零九年十一月二十日	二零一零年十一月二十日	二零一零年十一月二十日	二零一零年十一月十九日
Total 總計	26,823,492	3,079,266	1,818,579	28,084,179					

On November 22, 2010, the date before the options were granted, the market value per share was US\$0.22. The value of the options granted to the respective parties is as follows:

於二零一零年十一月二十二日，即購股權授出前當日，每股股份市值為0.22美元。授予各個人士之購股權價值如下：

RMB'000
人民幣千元

Mr. Mei Jianping 梅建平先生	949
Mr. Jeffrey W. Miller Jeffrey W. Miller先生	1,355
Total 總計	2,304

Report of the Directors (continued)

董事會報告(續)

The fair value of options granted on November 23, 2010 determined using the Binomial Model was US\$0.11 per option after taking into capitalization issue. The significant inputs into the model were fair value per share of US\$0.22 at the grant date, exercise price shown above, volatility of 58.56%, dividend yield of 0%, an option life of ten years, and an annual risk-free interest rate of 2.86%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of weekly share prices of comparable companies over the last five years.

Directors

The Directors during the year and up to the date of this report were:

Executive Directors

Mr. Zhang Ruilin (*Chairman*)
Mr. Zhao Jiangwei
Mr. Forrest Lee Dietrich
Mr. Allen Mak

Non-executive Director

Mr. Wang Sing
Mr. Law Cheuk Kin, Stephen (alternate to Mr. Wang Sing)

Independent non-executive Directors

Mr. Mei Jianping (appointed on November 27, 2010)
Mr. Jeffrey W. Miller (appointed on November 27, 2010)
Mr. Cai Rucheng (appointed on November 27, 2010)

In accordance with Article 16.18 of the Company's Articles of Association, Mr. Zhang Ruilin, Mr. Zhao Jiangwei and Mr. Forrest Lee Dietrich shall retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

Mr. Mei Jianping, Mr. Jeffrey W. Miller and Mr. Cai Rucheng are independent non-executive Directors and were appointed for a three-year term expiring on November 26, 2013.

Directors' Service Contracts

We had entered into letters of appointment with each of our Directors, pursuant to which each of the executive Directors and the non-executive Director is appointed for terms of three years with effect from November 23, 2010, and each of the independent non-executive Directors is appointed for terms of three years with effect from November 27, 2010, subject to re-election in accordance with our Articles of Association at our general meetings.

於二零一零年十一月二十三日授出的購股權的公允價值為每份購股權0.11美元，乃計及資本化發行後採用二項式模型釐定。該模型重要的輸入數值為於授予日的每股公允價值0.22美元、上文所述的行權價、波幅58.56%、股息率0%、購股權年期十年及年度無風險利率2.86%。按連續複利股票收益的標準差計量的波幅乃基於過去五年來可比較公司每周股份價格的統計分析。

董事

於本年度及直至本報告日期，列任董事如下：

執行董事

張瑞霖先生(主席)
趙江巍先生
Forrest Lee Dietrich先生
麥雅倫先生

非執行董事

王斌先生
羅卓堅先生(王斌先生的替任董事)

獨立非執行董事

梅建平先生(於二零一零年十一月二十七日獲委任)
Jeffrey W. Miller先生
(於二零一零年十一月二十七日獲委任)
才汝成先生(於二零一零年十一月二十七日獲委任)

根據本公司組織章程細則第16.18條，張瑞霖先生、趙江巍先生及Forrest Lee Dietrich先生須於應屆股東週年大會上輪值退任，惟符合資格膺選連任。

梅建平先生、Jeffrey W. Miller先生及才汝成先生均為獨立非執行董事，任期為三年，於二零一三年十一月二十六日屆滿。

董事服務合同

本公司已和各董事訂立委任書，據此，各執行董事及非執行董事獲委任的任期為三年，由二零一零年十一月二十三日起生效，及各獨立非執行董事獲委任的任期為三年，由二零一零年十一月二十七日起生效，惟須根據本公司組織章程細則於本公司股東大會上重選連任。

Report of the Directors (continued)

董事會報告(續)

On November 20, 2009, Mr. Zhang Ruilin (“Mr. Zhang”) and Mr. Zhao Jiangwei (“Mr. Zhao”), each an executive Director, entered into a service contract with the Company and MIE respectively, which is renewable yearly unless terminated (i) with twelve months’ notice by either party, or (ii) by the Company or MIE (as applicable) upon certain events such as the Director having committed serious or persistent breaches of the service contract. Should the Company or MIE (as applicable) terminate the service contract, Mr. Zhang and Mr. Zhao will be entitled to receive a severance payment equivalent to one year’s basic pay under the service contract, save for circumstances described in item (ii) above.

Save as disclosed above, none of our Directors had entered into a service contract with us which does not expire or which is not terminable by us within one year without the payment of compensation (other than statutory compensation).

Directors’ Interests in Contracts and Continuing Connected Transactions

Related party transactions entered into by the Group during the year ended December 31, 2010 are disclosed in note 29 to the consolidated financial statements. The details of the related party transactions that constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules to be disclosed as required by the Listing Rules are given below:

During the year ended December 31, 2010, the Group had the following transactions with Ms. Zhao Jiangbo (“Mrs. Zhang”) and Jilin Guotai Petroleum Development Company (“Jilin Guotai”), which are connected persons of the Company under the Listing Rules.

- (A) Lease of vehicles by Mrs. Zhang to us
- (B) Lease of office spaces by Mrs. Zhang to us
- (C) Lease of vehicles by Jilin Guotai to us
- (D) Provision of oilfield services by Jilin Guotai to us

Note: all the above leases or services were provided at a fee chargeable to us with reference to comparable market price and based on normal commercial terms that are no less favorable than terms offered by independent third parties to the Group as agreed.

(A) Lease of vehicles by Mrs. Zhang to us

Mrs. Zhang is the spouse of Mr. Zhang Ruilin, and is therefore a connected person of the Company. Since 2008, Mrs. Zhang has been regularly leasing a substantial number of vehicles to us.

On November 23, 2010, we entered into a framework vehicle rental agreement with Mrs. Zhang, pursuant to which Mrs. Zhang agreed to rent to us a number of vehicles for the purpose of the day-to-day business operations of our Group, subject to the entering into of individual contracts as agreed between Mrs. Zhang and us.

於二零零九年十一月二十日，張瑞霖先生(「張先生」)及趙江巍先生(「趙先生」)(各為執行董事)分別與本公司及MIE訂立服務合同，有關服務合同可每年續約，除非(i)由任何一方發出十二個月的提前通知予以終止，或(ii)於出現若干情況時(如董事嚴重違背或反覆違背服務合同)，由本公司或MIE(如適用)予以終止。倘本公司或MIE(如適用)終止服務合同，則張先生及趙先生將可收取一筆相等於彼等於各自服務合同項下全年基本薪資的遣散費，惟出現上文(ii)項所述情況者例外。

除以上所披露者外，本公司董事並無與本公司訂立並非於一年內屆滿或本公司不可於一年內不付賠償(法定賠償除外)而終止的服務合同。

董事於合同的權益及持續關連交易

截至二零一零年十二月三十一日止年度，本集團進行的與關聯方的交易於合併財務報表的附註29中披露。構成上市規則第14A章所界定且上市規則規定須予披露的持續關連交易的與關聯方的交易之詳情載列如下：

於截至二零一零年十二月三十一日止年度，本集團與趙江波女士(「張夫人」)及吉林省國泰石油開發有限公司(「吉林國泰」)(根據上市規則為本公司之關連人士)進行了以下交易。

- (A) 張夫人向本公司出租汽車
- (B) 張夫人向本公司出租辦公室
- (C) 吉林國泰向本公司出租汽車
- (D) 吉林國泰向本公司提供油田服務

附註：上述提供予本公司的所有租約或服務乃參考經協定的可茲比較市場價格及根據較獨立第三方所提供者對本集團更為有利的條款正常商業條款收取。

(A) 張夫人向本公司出租汽車

張夫人為張瑞霖先生之配偶，因此為本公司之關連人士。自二零零八年以來，張夫人一直定期向本公司出租大量汽車。

於二零一零年十一月二十三日，本公司與張夫人訂立框架汽車租賃協議，據此，張夫人同意不時向本公司出租多輛汽車，以用於本集團的日常業務經營，惟有待張夫人與本公司訂立個別合同。

Report of the Directors (continued)

董事會報告(續)

An individual car rental contract was entered into on January 1, 2010, for an aggregate yearly rental fee of approximately RMB3.3 million. The rental fees paid by us to Mrs. Zhang are based on normal commercial terms and negotiated on arm's length basis between the parties, and are no less favourable than terms offered by independent third parties to our Group.

(B) Lease of office spaces by Mrs. Zhang to us

We entered into a lease agreement and a supplemental agreement with Mrs. Zhang on January 1, 2010 and September 28, 2010 respectively (together, the "Existing Lease Agreement"), pursuant to which Mrs. Zhang agreed to lease to us with effect from January 1, 2010 and valid until December 31, 2010 two office spaces located at Suites 402 and 406, Block C, Grand Place, No. 5 Hui Zhong Road, Chaoyang District, Beijing, PRC, for an aggregate yearly rental fee of approximately RMB1.13 million.

Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has confirmed that the current rental fees payable by us to Mrs. Zhang are based on prevailing market rates and the other terms of the Existing Lease Agreement are on normal commercial terms and conditions.

(C) Lease of vehicles by Jilin Guotai to us

Jilin Guotai is owned by Mrs. Zhang and Mr. Zhao and is therefore a connected person of our company.

On November 23, 2010, we entered into a framework vehicle rental agreement with Jilin Guotai pursuant to which Jilin Guotai agreed to rent to us a number of vehicles for the purpose of the day-to-day business operations of our Group, subject to the entering into of individual contracts as agreed between Jilin Guotai and us.

An individual car rental contract was entered into for an aggregate yearly rental fee of approximately RMB2.3 million. The rental fees paid by us to Guotai are based on normal commercial terms and negotiated on arm's length basis between the parties, and are no less favourable than terms offered by independent third parties to our Group.

(D) Provision of oilfield services by Jilin Guotai to us

On November 23, 2010, we entered into a framework oilfield service agreement with Jilin Guotai, pursuant to which Jilin Guotai agreed to provide to us various oilfield services including well maintenance services, well logging services, oil tanker transportation services, oilfield construction related works and other oil operations related services, subject to the entering into of individual contracts as agreed between Jilin Guotai and us. The service fees will be based on normal commercial terms and negotiated on arm's length basis between the parties, and shall be no less favourable than those offered by independent third parties to our Group.

本公司於二零一零年一月一日訂立個別汽車租賃合同，年租金合共約人民幣330萬元。本公司向張夫人支付的租金乃根據正常商業條款由雙方按公平基準磋商釐定，且其條款不遜於獨立第三方向本集團所提供者。

(B) 張夫人向本公司出租辦公室

本公司於二零一零年一月一日及二零一零年九月二十八日與張夫人分別訂立租賃協議及補充協議(統稱「現有租賃協議」)，據此，張夫人同意於二零一零年一月一日起至二零一零年十二月三十一日止期間，向本公司出租位於中國北京朝陽區慧忠路5號遠大中心C座402及406室的兩個辦公室，年度租費總額約為人民幣113萬元。

獨立物業估值師仲量聯行西門有限公司已確認，本公司現時應付予張夫人的租費乃基於現行市價釐定，現有租賃協議的其他條款乃按正常商業條款及條件訂立。

(C) 吉林國泰向本公司出租汽車

吉林國泰由張夫人及趙先生擁有，因此為本公司的關連人士。

本公司於二零一零年十一月二十三日與吉林國泰訂立框架汽車租賃協議，據此，吉林國泰同意向本公司出租多輛汽車，以用於本集團的日常業務經營，惟有待吉林國泰與本公司訂立個別合同。

已訂立個別汽車租賃合同，年租金合共約人民幣230萬元。本公司向國泰支付的租金乃根據正常商業條款由雙方按公平基準磋商釐定，且其條款不遜於獨立第三方向本集團所提供者。

(D) 吉林國泰向本公司提供油田服務

本公司於二零一零年十一月二十三日與吉林國泰訂立框架油田服務協議，據此，吉林國泰同意向本公司提供各類油田服務，包括修井服務、測井服務、油罐運輸服務、油田建設相關工程及其他石油作業相關服務，惟有待吉林國泰與本公司訂立個別合同。服務費將根據正常商業條款由雙方按公平基準磋商釐定，且其條款不得遜於獨立第三方向本集團所提供者。

Report of the Directors (continued)

董事會報告(續)

As listed below, the aggregate annual transaction amount of each continuing connected transaction for the year ended December 31, 2010 has not exceeded the respective proposed annual cap disclosed in the Company's prospectus dated December 1, 2010.

誠如下文所列，各持續關連交易於截至二零一零年十二月三十一日止年度之年交易總額不超過本公司於二零一零年十二月一日刊發之招股章程披露的有關建議年度上限。

Connected Person 關連人士	Nature of transaction 交易性質	Proposed annual cap 建議年度上限	Transaction amount in 2010 二零一零年交易額
Mrs. Zhang 張夫人	Lease of vehicles by Mrs. Zhang to the Company 張夫人向本公司出租汽車	RMB4.5 million 人民幣450萬元	RMB3.3 million 人民幣330萬元
Mrs. Zhang 張夫人	Lease of office spaces by Mrs. Zhang to the Company 張夫人向本公司出租辦公室	RMB1.2 million 人民幣120萬元	RMB1.13 million 人民幣113萬元
Jilin Guotai 吉林國泰	Lease of vehicles by Jilin Guotai to the Company 吉林國泰向本公司出租汽車	RMB2.3 million 人民幣230萬元	RMB2.3 million 人民幣230萬元
Jilin Guotai 吉林國泰	Provision of oilfield services by Jilin Guotai to the Company 吉林國泰向本公司提供油田服務	RMB130 million 人民幣1.3億元	RMB108.6 million 人民幣1.086億元

In the opinion of the independent non-executive Directors, the above transactions were carried out in the ordinary and usual course of business on normal commercial terms or on terms no less favourable to the Group than those available from independent third parties; and in accordance with the relevant agreements governing them and on terms that are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

獨立非執行董事認為，以上交易乃於本集團一般及日常業務過程中；按正常商業條款或較獨立第三方向本集團提供者的條款；並根據有關協議按屬公平合理及符合本公司及其股東整體利益的條款而進行。

The auditor has confirmed that for the year 2010 the continuing connected transactions (i) have received approval of the Board of Directors of the Company; (ii) are in accordance with the pricing policies of the Company, where applicable; (iii) have been entered into in accordance with the terms of the agreements governing the transactions; and (iv) have not exceeded the respective cap amounts for the financial year ended December 31, 2010 as disclosed in the prospectus of the Company dated December 1, 2010.

核數師已確認，於二零一零年，本集團之持續關連交易(i)已獲本公司董事會批准；(ii)符合本公司的定價政策(如適用)；(iii)乃根據交易協議之條款進行；及(iv)於截至二零一零年十二月三十一日止財政年度並無超逾本公司於二零一零年十二月一日刊發之招股章程所披露之各個上限。

Save as disclosed above, no contract of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

除上文披露者外，年末或年內任何時間並無本公司或其任何附屬公司簽訂，且本公司董事直接或間接擁有重大權益的任何重大合同。

Save as disclosed above, there is no contract of significance between the Group and a controlling shareholder of the Company (as defined in the Listing Rules) or any of its subsidiaries, including the provision of services by the controlling shareholder or its subsidiaries to the Group.

除上文披露者外，本集團與本公司控股股東(定義見上市規則)或其任何附屬公司並無訂立任何重大合同(包括控股股東或附屬公司向本集團提供服務)。

Report of the Directors (continued)

董事會報告(續)

Biographical Details of Directors

Brief biographical details of Directors are set out on page 10.

Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company Or Any Associated Corporation

As at December 31, 2010, the interests or short positions of the Directors and the chief executives of our Company in the shares, underlying shares and debentures of our Company and its associated corporations, within the meaning of the Securities and Futures Ordinance ("SFO"), which were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she had take or was deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to our Company pursuant to the Model Code were as follows:

董事履歷

董事履歷載於第10頁。

董事及主要行政人員於本公司或任何相聯法團的股份、相關股份及債權證中擁有的權益及／或淡倉

於二零一零年十二月三十一日，本公司董事及主要行政人員於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」))的股份、相關股份及債權證中擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的權益或淡倉(包括根據證券及期貨條例的條文而當作或被視為擁有的權益及淡倉)，或根據證券及期貨條例第352條的規定須登記於該條所指的登記冊內的權益或淡倉，或根據標準守則須知會本公司的權益或淡倉如下：

Name of Director	Name of corporation	Capacity/Nature of interest	Total number of shares/ underlying shares 股份／相關股份總數	Approximate percentage of interest in the corporation 佔法團權益的概約百分比
Mr. Zhang Rui Lin 張瑞霖先生	Our Company 本公司	Interest of controlled corporation (Note 1) 受控制法團權益 (附註1)	1,414,600,000	53.6%
Mr. Zhao Jiangwei 趙江巍先生	Our Company 本公司	Interest of controlled corporation (Note 1) 受控制法團權益 (附註1)	1,414,600,000	53.6%
Mr. Zhang Rui Lin 張瑞霖先生	FEEL	Beneficial owner (Note 1) 實益擁有人(附註1)	999	9.99%
Mr. Zhao Jiangwei 趙江巍先生	FEEL	Beneficial owner (Note 1) 實益擁有人(附註1)	9,000	90.0%
Mr. Forrest Lee Dietrich Forrest Lee Dietrich先生	Our Company 本公司	Beneficial owner (Note 2) 實益擁有人(附註2)	6,819,489	0.26%
Mr. Allen Mak 麥雅倫先生	Our Company 本公司	Beneficial owner (Note 2) 實益擁有人(附註2)	9,092,712	0.34%
Mr. Mei Jianping 梅建平先生	Our Company 本公司	Beneficial owner 實益擁有人	1,267,933	0.05%
Mr. Jeffrey W. Miller Jeffrey W. Miller先生	Our Company 本公司	Beneficial owner 實益擁有人	1,811,333	0.07%

Report of the Directors (continued)

董事會報告(續)

Notes:

- (1) FEEL is held by Mr. Zhang and Mr. Zhao as to 9.99% and 90%, respectively. On May 16, 2003, 9,999 shares in FEEL were issued to Mr. Zhang, who then transferred 9,000 shares out of his 9,999 shares to Mr. Zhao on October 4, 2003. Mr. Zhang and Mr. Zhao have entered into an Acting-in-Concert Agreement under which they agreed to act in concert in relation to all matters that require the decisions of the shareholders of FEEL. Pursuant to the Acting-in-Concert Agreement, if a unanimous opinion in relation to the matters that require action in concert is unable to be reached, Mr. Zhang shall be allowed to vote on both his and Mr. Zhao's shares.
- (2) These interests represent interests in outstanding stock options under the stock incentive Plan.

Save as disclosed above and in the above section headed "Share Options", as at December 31, 2010, none of the Directors or the chief executive of our Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she had taken or was deemed to have under such provisions of the SFO) or which were required to be entered into the register kept by our Company pursuant to Section 352 of the SFO or which were required to be notified to our Company and the Stock Exchange pursuant to the Model Code; nor had there been any grant or exercise of rights of such interests during the year ended December 31, 2010.

Substantial Shareholders' Interests and/or Short Positions in the Shares and Underlying Shares of the Company

So far as the Directors are aware of, as at December 31, 2010, the following persons (other than the Directors, chief executives or members of our Group) who had interests and/or short positions in the share or underlying shares of our Company which would fall to be disclosed to the Company of Divisions 2 and 3 of Part XV of the SFO, or, which would be required, pursuant to section 336 of the SFO, to be entered into the register referred to therein, were as follows:

Name of interested	Party Capacity/ Nature of interest	Total number of shares	Approximate percentage of interest in our Company 佔本公司權益的 概約百分比
權益方名稱	身份／權益性質	股份總數	
FEEL	Beneficial owner (Note 1) 實益擁有人(附註1)	1,414,600,000	53.56
Mr. Fung Che 車峰先生	Interest of controlled corporation (Note 2) 受控制法團權益(附註2)	237,438,000	8.99

附註:

- (1) FEEL由張先生及趙先生分別擁有9.99%及90%權益。於二零零三年五月十六日，FEEL的9,999股股份發行予張先生，而張先生於二零零三年十月四日將其9,999股股份中的9,000股股份轉讓予趙先生。張先生與趙先生已訂立一致行動協議，據此，彼等就需由FEEL股東決定的一切事項同意一致行動。根據一致行動協議，倘未能達成有關需一致行動事項的一致意見，張先生獲准就其與趙先生的股份進行投票表決。
- (2) 該等權益指該股份獎勵計劃項下未行使的購股權中的權益。

除上文及上文「購股權」一節所披露者外，於二零一零年十二月三十一日，本公司董事及主要行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份及債權證中概無擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的權益或淡倉(包括根據證券及期貨條例的條文而當作或被視為擁有的權益及淡倉)，或根據證券及期貨條例第352條的規定須登記於本公司存置的登記冊內的權益或淡倉，或根據標準守則須知會本公司及聯交所的權益或淡倉；於截至二零一零年十二月三十一日止年度期間，亦無授予或行使該等權益之權利。

主要股東於本公司的股份及相關股份中擁有的權益及／或淡倉

就董事所知，於二零一零年十二月三十一日，下列人士(除本集團之董事、主要行政人員或成員公司外)於本公司之股份或相關股份中據證券及期貨條例第XV部第2及3分部擁有須向本公司披露的權益及／或淡倉，或根據證券及期貨條例第336條須登記於該條所指之登記冊內的權益及／或淡倉如下：

Report of the Directors (continued)

董事會報告(續)

Name of interested	Party Capacity/ Nature of interest	Total number of shares	Approximate percentage of interest in our Company 佔本公司權益的 概約百分比
權益方名稱	身份／權益性質	股份總數	
Ever Union Capital Limited	Interest of controlled corporation (Note 2) 受控制法團權益(附註2)	237,438,000	8.99
Harmony Energy Limited	Beneficial owner (Note 2) 實益擁有人(附註2)	237,438,000	8.99
Mr. David Bonderman David Bonderman先生	Interest of controlled corporation (Note 3) 受控制法團權益(附註3)	230,838,000	8.74
Mr. James Coulter James Coulter先生	Interest of controlled corporation (Note 3) 受控制法團權益(附註3)	230,838,000	8.74
TPG	Beneficial owner (Note 3) 實益擁有人(附註3)	211,855,234	8.02

- (1) FEEL is held by Mr. Zhang and Mr. Zhao as to 9.99% and 90%, respectively. On May 16, 2003, 9,999 shares in FEEL were issued to Mr. Zhang, who then transferred 9,000 shares out of his 9,999 shares to Mr. Zhao on October 4, 2003. Mr. Zhang and Mr. Zhao have entered into an acting-in-concert agreement dated November 20, 2009 (the "Acting-in-Concert Agreement") under which they agreed to act in concert in relation to all matters that require the decisions of the shareholders of FEEL. Pursuant to the Acting-in-Concert Agreement, if a unanimous opinion in relation to the matters that require action in concert is unable to be reached, Mr. Zhang shall be allowed to vote on both his and Mr. Zhao's shares.
- (1) FEEL由張先生及趙先生分別擁有9.99%及90%權益。於二零零三年五月十六日，FEEL的9,999股股份發行予張先生，而張先生於二零零三年十月四日將其9,999股股份中的9,000股股份轉讓予趙先生。張先生與趙先生已訂立一致行動協議，據此，彼等就須由FEEL股東決定的一切事項同意一致行動。根據一致行動協議，倘未能達成有關須一致行動事項的一致意見，張先生獲准就其與趙先生的股份進行投票表決。
- (2) Harmony Energy Limited is a wholly owned subsidiary of Ever Union Capital Limited. Mr. Fung Che is the sole shareholder of Ever Union Capital Limited and has voting and investment control over the securities beneficially owned by Ever Union Capital Limited.
- (2) Harmony Energy Limited是Ever Union Capital Limited的全資附屬公司。Fung Che先生為Ever Union Capital Limited的唯一股東，對Ever Union Capital Limited實益擁有的證券擁有投票表決及投資控制權。
- (3) The interests deemed to be held by each of David Bonderman and James Coulter consists of 211,855,234 ordinary shares held by TPG and 18,982,766 ordinary shares held by TPG Star Energy Co-Invest, LLC,. The sole shareholder of TPG is TPG Star, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Star GenPar, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Star GenPar Advisors, LLC, a Delaware limited liability company, whose sole member is TPG Holdings I, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Holdings I-A, LLC, a Delaware limited liability company, whose sole member is TPG Group Holdings (SBS), L.P., a Delaware limited partnership, which is managed by its general partner, TPG Group Holdings (SBS) Advisors, Inc., a Delaware company, whose shareholders are David Bonderman and James Coulter.
- (3) 被視為由David Bonderman及James Coulter各自持有的權益由TPG持有的211,855,234股普通股及TPG Star Energy Co-Invest, LLC持有的18,982,766股普通股組成。TPG的唯一股東為TPG Star, L.P.(一家特拉華州有限合夥人)，由其一般合夥人TPG Star GenPar, L.P.(一家特拉華州有限合夥人)管理。TPG Star GenPar, L.P.由其一般合夥人TPG Star GenPar Advisors, LLC.(一家特拉華州有限公司)管理。TPG Star GenPar Advisors, LLC的唯一股東為TPG Holdings I, L.P.(一家特拉華州有限公司)。TPG Holdings I, L.P.由其一般合夥人TPG Holdings I-A, LLC(一家特拉華州有限公司)管理。TPG Holdings I-A, LLC的唯一股東為TPG Group Holdings (SBS), L.P.(一家特拉華州有限公司)，TPG Group Holdings (SBS), L.P.由其一般合夥人TPG Group Holdings (SBS) Advisors, Inc.(一家特拉華州公司)管理，其股東為David Bonderman及James Coulter。

Report of the Directors (continued)

董事會報告(續)

TPG Star Energy Co-Invest, LLC is a Delaware limited liability company, whose managing member is TPG Star Advisors, L.L.C., a Delaware limited liability company, whose sole member is TPG Ventures Holdings, L.L.C., a Delaware limited liability company, whose managing member is TPG Ventures Partners, L.P., a Delaware limited partnership, which is managed by its general partner, TPG Ventures Professionals, L.P., a Delaware limited partnership, which is managed by its general partner, Tarrant Advisors, Inc., a Texas company, whose sole shareholder is Tarrant Capital Advisors, Inc., a Delaware company, whose shareholders are David Bonderman and James Coulter.

TPG Star Energy Co-Invest, LLC為一家特拉華州有限公司，其管理成員為TPG Star Advisors, L.L.C. (一家特拉華州有限公司)。TPG Star Advisors, L.L.C.的唯一成員為TPG Ventures Holdings, L.L.C. (一家特拉華州有限公司)。TPG Ventures Holdings, L.L.C.的管理成員為TPG Ventures Partners, L.P. (一家特拉華州有限合夥人)，而TPG Ventures Partners, L.P.由其一般合夥人TPG Ventures Professionals, L.P. (一家特拉華州有限合夥人)管理。TPG Ventures Professionals, L.P.由其一般合夥人Tarrant Advisors, Inc. (一家德克薩斯公司)管理。Tarrant Advisors, Inc.的唯一股東為Tarrant Capital Advisors, Inc. (一家特拉華州公司)，其股東為David Bonderman及James Coulter。

Save as disclosed above, as at December 31, 2010, no person (other than the Directors or the chief executive of our Company, whose interests have been disclosed in the above section headed "Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation") had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by our Company pursuant to Section 336 of the SFO.

除上文所述者外，於二零一零年十二月三十一日，概無任何人士(除權益於上文「董事及主要行政人員於本公司或任何相聯法團的股份、相關股份及債權證中擁有的權益及／或淡倉」一節所披露的本公司董事或主要行政人員外)於本公司之股份或相關股份中擁有根據證券及期貨條例第336條登記於本公司存置之登記冊內的權益或淡倉。

Major Suppliers and Customers

During the year, the Group purchased around 60% of its goods and services from its 5 largest suppliers, around 15.6% from its largest supplier and sold all the crude oil produced to PetroChina.

Jilin Guotai is owned by Mrs. Zhang and Mr. Zhao and is one of our 5 largest suppliers. Save as disclosed above, none of our Directors, their associates or any shareholders (which to the knowledge of the Directors own more than 5% of our share capital) has any interest in the 5 largest suppliers or PetroChina.

主要供應商及客戶

年內，本集團向五大供應商及其最大供應商分別採購約60%及15.6%的商品及服務，並向中石油出售所有產出的原油。

吉林國泰由張夫人及趙先生擁有，是本公司的五大供應商之一。除上文所披露者外，本公司董事、彼等之聯繫人或任何股東(就董事所悉，於本公司股本中擁有超過5%權益的)概無於該五大供應商或中石油擁有任何權益。

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares as required under the Listing Rules during the period from the Listing Date to the Latest Practicable Date prior to the issue of the Annual Report.

充足公眾持股量

根據本公司公開可得之資料及據董事所知，其確認自上市日期至本年報刊發前之最後可行日期之期間內，本公司根據上市規則要求至少25%已發行股份由公眾持有。

Use of Proceeds from the Global Offering

The net proceeds from the Global Offering, after deducting the relevant costs of the Global Offering, were approximately RMB503.8 million (without taking into account the partial exercise of the over-allotment option). As at the date of this Annual Report, the Company does not anticipate any change to its plan on the use of proceeds stated in the prospectus of the Company dated December 1, 2010.

全球發售所得款項用途

經扣除全球發售相關費用後，全球發售所得款項淨額為約人民幣5.038億元(未計及部份行使超額配股權)。於本年報刊發日期，本公司並無預期本公司於二零一零年十二月一日發佈的招股章程中所載的所得款項用途計劃有任何變動。

Report of the Directors (continued)

董事會報告(續)

Competing Business

None of the Directors or the controlling shareholders of the Company had an interest in a business which competes with the Company or may compete with the business of the Group.

Subsequent Events

(a) Incorporation of subsidiaries

On February 8, 2011, Palaeontol Coöperatief U.A. was incorporated in the Netherlands as a cooperative with no liability with 99% held by MIE New Ventures Corporation and 1% held by MIE.

On February 11, 2011, Palaeontol B.V. was incorporated in the Netherlands as an investment holding company with limited liability and wholly owned by Palaeontol Coöperatief U.A.. The authorized share capital of the Palaeontol B.V. is 90,000 euros and is divided into 90,000 ordinary shares of one euro each.

(b) Acquisition of participating interest in oilfield in Kazakhstan.

On February 14, 2011, Palaeontol B.V. ("Purchaser"), a wholly-owned subsidiary of the Company, entered into a purchase agreement ("Purchase Agreement") with BMB Munai, Inc. ("Seller"), which is a Nevada corporation listed on the American Stock Exchange and an independent third party, pursuant to which the Purchaser conditionally agreed to acquire all right, title and interest relating to certain oilfields in Kazakhstan held by Emir-Oil LLC ("Target Company") and all right, title and interest in and to the loans made by the Seller to the Target Company for an aggregate consideration of US\$170 million (subject to adjustment). The closing of the transaction is subject to the fulfilment of a number of conditions precedent.

The Company has granted Acap Limited, which is providing general consulting services to the Company in relation to above acquisition, a right to co-invest with the Company or its associates for up to 9.9% of the assets acquired in the acquisition, on the same terms and conditions under the Purchase Agreement within 36 months from the closing of the transaction. The Company also agreed to pay certain fees to Acap Limited, including a monthly retainer and a success fee equating to 2.5% of the consideration payable on closing date and, in the event that the Seller or its affiliates fail to consummate the acquisition with the Company or its affiliates, a break-up fee equating to 10% of any fees or compensation received or to be received by the Company.

競爭業務

本公司概無任何董事或控股股東於與本公司業務競爭或可能與本集團業務構成競爭之業務中擁有任何權益。

結算日後事項

(a) 成立子公司

於二零一一年二月八日，Palaeontol Coöperatief U.A.在荷蘭註冊成立，該子公司為無限責任的合作企業，MIE New Ventures Corporation和MIE分別對其持股99%和1%。

於二零一一年二月十一日，Palaeontol B.V.在荷蘭註冊成立，該子公司為有限責任的投資持股公司，由Palaeontol Coöperatief U.A.全資擁有。Palaeontol B.V.公司的法定股本金額為90,000歐元，由每股1.0歐元的90,000股普通股構成。

(b) 收購哈薩克斯坦油田參與權益

於二零一一年二月十四日，本公司的全資子公司Palaeontol B.V.（「買方」）與美國內華達州的獨立第三方BMB Munai, Inc.公司（在美國證券交易所上市交易，「賣方」）達成一項收購協定（「收購協定」）。根據協定，買方以總額1.7億美元（待調整）的對價有條件地同意收購Emir-oil LLC公司（「目標公司」）持有的位於哈薩克斯坦若干油田的所有權利、所有權和利益，以及與賣方給予目標公司貸款相關的所有權利、所有權和利益。該交易的完成尚待滿足一系列先決條件。

本公司授予為上述收購向本公司提供一般諮詢服務的Acap Limited與本公司或本公司之關聯公司自交易完成之日起36個月內按照與收購協定相同的條款和條件共同投資不超過9.9%的被收購資產的權利。本公司同意向Acap Limited公司支付若干費用，包括月度定金和相當於完成日期應付對價金額2.5%的成功費，以及倘若賣方或其關聯公司無法促成本公司或其關聯公司完成此項收購，相當於本公司所獲得或將會獲得的任何費用或賠償金額10%的終止費。

Report of the Directors (continued)

董事會報告(續)

(c) Proposed dividend

A dividend in respect of the year ended December 31, 2010 of HK\$0.035 per share, amounting to a total dividend of HK\$92,447,000 (RMB77,933,000) is to be proposed at the AGM to be held on May 6, 2011.

Group's Emoluments Policy

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. The Company has newly adopted a share option scheme as an incentive to Directors and eligible employees.

Closure of Register of Members

The Register of Members of the Company will be closed from May 4, 2011 (Wednesday) to May 6, 2011 (Friday) (both dates inclusive) during which no transfer of shares of the Company can be registered. In order to qualify for the dividend and determine the entitlement to attend and vote at 2011 AGM of the Company, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on May 3, 2011 (Tuesday).

Auditors

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Zhang Ruilin

Chairman

Hong Kong, March 25, 2011

(c) 提議股息

擬於二零一一年五月六日召開的股東週年大會上提議關於截至二零一零年十二月三十一日止年度的股息，此等股息為每股0.035港元，合計股息金額為92,447,000港元(人民幣77,933,000元)。

本集團之薪酬政策

本集團僱員之薪酬政策由薪酬委員會根據彼等的優點、資質及能力而定。

本公司董事之薪酬由薪酬委員會根據本公司之經營業績、個人表現及可資比較市場數據釐定。本公司近日採納一項購股權計劃，作為對董事及合資格僱員的獎勵。

暫停辦理股東登記手續

本公司將由二零一一年五月四日(星期三)至二零一一年五月六日(星期五)(首尾兩天包括在內)暫停辦理股東登記手續，於此期間將不會辦理本公司任何股份過戶登記。如欲獲得股息及符合出席本公司二零一一年股東週年大會及於會上投票之資格，所有股份過戶文件連同有關股票必須於二零一一年五月三日(星期二)下午四時三十分前送交本公司之股份過戶登記處卓佳證券登記有限公司，地址為香港灣仔皇后大道東28號金鐘匯中心26樓，以辦理登記手續。

核數師

所附財務報表已由羅兵咸永道會計師事務所審核。羅兵咸永道會計師事務所任滿退任並符合資格且願意獲續聘為本公司核數師。

承董事會命

主席

張瑞霖

香港，二零一一年三月二十五日

Management Discussion and Analysis

Management Discussion and Analysis

管理層討論和分析



Management Discussion and Analysis (continued)

管理層討論和分析(續)

Business Review and Prospects

The oil and gas industry in China continued to grow during 2010 despite the volatile crude oil price throughout the year. Rising global oil demand amid the economic recovery continues to benefit the industry including us.



The Company was successfully listed on the Main Board of the Stock Exchange of Hong Kong on December 14, 2010, marking a key milestone in the Group's history. Our share price has increased significantly from the initial public offer price of HK\$1.70 per share, reflecting the strength of the Company and the support of our shareholders.

As of December 31, 2010, for our three China oilfields we had estimated net proved, proved+probable and proved+probable+possible crude oil reserves of approximately 32.9 million barrels, 52.5 million barrels and 66.4 million barrels respectively, an increase of 3.5 million barrels, 4.9 million barrels and 5.3 million barrels respectively, as compared to our reserve as of June 30, 2010 as stated in our prospectus dated December 1, 2010. Our net daily crude oil production increased by 22.4% from 7,637 barrels per day in 2009 to 9,349 barrels of crude oil per day in 2010.

業務回顧及展望

二零一零年，儘管全年原油價格有所波動，中國油氣行業仍取得發展。我們所處的油氣行業將繼續受益於世界經濟的復蘇對石油需求的回升。



本公司於二零一零年十二月十四日在香港聯交所主板成功上市，是本集團發展史中的一個重要里程碑。本公司股價由首次公開發售價每股1.70港元錄得大幅上升，反映本公司的實力及股東的支持。

截至二零一零年十二月三十一日，本公司三個中國油田的淨探明、探明+概算及探明+概算+可能原油儲量估計分別約為32.9百萬桶、52.5百萬桶及66.4百萬桶，較本公司日期為二零一零年十二月一日的招股章程中所列示截至二零一零年六月三十日之儲量分別增加3.5百萬桶、4.9百萬桶及5.3百萬桶。二零一零年，本公司的日均原油淨產量由二零零九年的每日7,637桶增加22.4%至9,349桶。

Management Discussion and Analysis (continued)

管理層討論和分析(續)

During 2010 the Company drilled 200 development wells at a net investment of approximately RMB763.6 million, including 144 wells in the Daan oilfield at a net investment of approximately RMB486.2 million, 27 wells in the Moliqing oilfield at a net investment of approximately RMB209.9 million and 29 wells in the Miao 3 oilfield at a net investment of approximately RMB67.5 million. From 2009 to 2010 net proved developed reserves increased by 1.31 million barrels. Net production in 2010 was 3.41 million barrels for a production-adjusted increase in net proved developed reserves of 4.72 million barrels, primarily the result of drilling these 200 wells. To a lesser extent, minor revisions originate from several other sources: first, Ryder Scott has revised its estimate of original oil in place due to recent drilling results, and modest changes to petrophysical analysis related to new core data; second, minor variances in ultimate recovery originate with changes in underlying engineering methodology used to determine forecast of future production; and third, in each case, some consideration of recent performance is included in all forecasts of existing producing wells. During 2010, the Company did not drill any exploration wells.

During the year, as part of the 200 development wells drilled, we commenced infill drilling and successfully drilled six wells. Included in our reserves as at December 31, 2010 are 3.3 million barrels, 4.3 million barrels and 5.2 million barrels of proved, proved+probable, and proved+probable+possible crude oil reserves for infill drilling in the Daan Oilfield. To develop these reserves we plan to drill an additional 455 infill wells including 36 infill wells in 2011. The success of our development and production activities is demonstrated by our high rig count and number of productive wells. In 2010, we concurrently operated 28 drilling rigs and as of December 31, 2010, we operated an aggregate 1,641 gross productive wells in our three oilfields.

Since the reserve report as at June 30, 2010 as set out in our prospectus dated December 1, 2010, our net proved and net proved+probable reserves increased by approximately 11.9% and 10.1%, respectively, mostly from infill drilling, indicating the Company has substantial continuing growth potential in its existing oilfields in China. We believe our oilfields in China offer strong growth potential, and we are continually expanding our operations by drilling more wells in the oilfields we operate, which we believe will substantially increase our net production of crude oil over the next several years. As of December 31, 2010, we had identified 2,623 potential locations including infill locations containing proved, probable and possible undeveloped reserves, respectively, for future drilling and within our estimated net reserves presented herein, we include estimated net proved, probable and possible undeveloped reserves of 12.4 million barrels, 12.0 million barrels and 8.8 million barrels, respectively, for these locations.

The Company continues to follow a prudent financial policy and strives to control cost in order to maintain its cost advantage over its competitors and a strong financial position.

於二零一零年，本公司以投資淨額人民幣7.636億元鑽探200口開發井，包括於以投資淨額約人民幣4.862億元於大安油田鑽探144口井、以投資淨額約人民幣2.099億元於莫里青油田鑽探27口井及以投資淨額約人民幣6,750萬元於廟3油田鑽探29口井。自二零零九年至二零一零年，探明已開發淨儲量增加1.31百萬桶。由於探明已開發儲量產量上調4.72百萬桶，二零一零年的淨產量為3.41百萬桶，主要原因是鑽探上述200口井所致。較少程度上，微調亦來自下列若干其他方面：首先，基於近期的鑽探情況，Ryder Scott對原有的原始石油地質儲量估計作出修正，並經微調整岩芯數據相關的岩石物性分析；其次，釐定未來產量預測所用的相關工程方法變動造成最終開採儲量輕微變化；再次，各情況下，近期業績的考慮亦納入對現有生產井的所有預測當中。於二零一零年期間，本公司並無鑽探勘探井。

年內，作為已鑽探的200口開發井之部分，本公司開始加密鑽井並成功鑽探六口井。於二零一零年十二月三十一日，本公司位於大安油田的加密鑽井的探明、探明+概算及探明+概算+可能原油儲量分別達3.3百萬桶、4.3百萬桶及5.2百萬桶。為開發該等儲量，本公司計劃增加鑽探455口加密井(包括二零一一年的36口加密井)。本公司開發及生產活動的成功之處在於本公司龐大的鑽井機及採油井數量。於二零一零年，本公司同時作業28座鑽井機。截至二零一零年十二月三十一日，本公司於三個油田共作業1,641口生產井。

與我們於二零一零年十二月一日刊發的招股章程所載截至二零一零年六月三十日的儲量報告相比，我們預計淨探明、淨探明+概算儲量分別增加了約11.9%和10.1%，這些增加的儲量主要來源於加密鑽井，說明本公司在中國現有的油田仍具備相當的持續增長潛力。本公司相信本公司位於中國的油田具有強勁的增長潛力，並在所經營的油田上開鑽更多油井以持續擴大經營，且本公司相信未來幾年，此舉將大幅提高本公司的淨原油產量。截至二零一零年十二月三十一日，本公司已識別2,623個分別包含探明、概算及可能的未開發儲量的包括加密井位的可能井位，可供未來鑽探，在本文件呈列的本公司估計淨儲量中，已包括該等井位的估計淨探明、概算及可能的未開發儲量分別為12.4百萬桶、12.0百萬桶及8.8百萬桶。

本公司繼續實行審慎的財務政策並加強成本控制，以維持其相對於競爭對手的成本優勢及強勁的財務狀況。

Management Discussion and Analysis (continued)

管理層討論和分析(續)

For the year ended December 31, 2010, the Company's total revenue was RMB1,805.0 million, representing a 54.7% increase over the previous year. The Company's EBITDA increased substantially to RMB1,162.6 million, an increase of 69.2% over the previous year. The Company's net profit was RMB420.9 million, increasing almost four-fold from the previous year and exceeding our profit forecast as set out in our prospectus dated December 1, 2010, primarily as a result of significant increase in realized oil prices and sales volume.

The average realized oil price was US\$77.99 per barrel for the year ended December 31, 2010, compared to US\$58.58 per barrel for the year ended December 31, 2009.

Lifting cost per barrel was US\$7.09 per barrel for the year ended December 31, 2010, compared to US\$7.69 per barrel for the year ended December 31, 2009.

For the year ended December 31, 2010, the Company's basic and diluted earnings per share were both RMB0.19, representing an increase of 216.7% over the previous year.

In view of the stellar results for 2010, and given the low interest rate environment, the directors of the Company recommended the payment of a special final dividend of HK\$0.035 per share although there was no plan to pay any dividend for the year ended December 31, 2010 as stated in our prospectus dated December 1, 2010.

In 2011, the Company plans to increase its capital expenditure to support its production growth. We currently plan to spend net amounts of approximately RMB1.3 billion and plan to drill 367 wells in 2011 comprising 288 wells, 35 wells and 44 wells in the Daan, Moliqing and Miao3 oilfields, respectively. After 2011, there will be 2,256 remaining proved, probable and possible well locations to be drilled as we continue to develop additional reserves. We believe our oilfields have strong growth potential.

On February 14, 2011, the Company announced another important milestone in agreeing to acquire all the issued and outstanding participation interests of Emir-Oil, LLC, an oil and natural gas exploration and production company in the Republic of Kazakhstan. The acquisition of Emir-Oil, LLC will be an important first step for the Company towards becoming an international oil and gas company. Based on Emir-Oil, LLC's reserve report as of March 31, 2010, the contracted area has proved reserves, proved+probable reserves, and proved+probable+possible reserves of approximately 22.7 million, 92.2 million and 127.6 million barrels of oil equivalent, respectively. In addition, based on Emir-Oil, LLC's evaluation as of July 1, 2010, four resource prospects in the contracted area contain estimated prospective resources of approximately 171 million barrels on an unrisks basis and 51 million barrels on a risks basis.

截至二零一零年十二月三十一日止年度，本公司的總收入為人民幣18.05億元，較上一年度增長54.7%。本公司的EBITDA大幅增長至人民幣11.63億元，較上一年度增長69.2%。本公司的淨溢利為人民幣4.21億元，較上一年度增長近三倍，並超過本公司日期為二零一零年十二月一日的招股章程所示的溢利預測。這主要是由於已實現油價及銷量大幅增長所致。

截至二零一零年十二月三十一日止年度的平均已實現油價為每桶77.99美元，而截至二零零九年十二月三十一日止年度為每桶58.58美元。

截至二零一零年十二月三十一日止年度，採油成本為每桶7.09美元，而截至二零零九年十二月三十一日止年度為每桶7.69美元。

截至二零一零年十二月三十一日止年度，本公司每股基本及攤薄盈利均為人民幣0.19元，較上一年度增長216.7%。

雖然在二零一零年十二月一日發佈的招股章程中本公司並無為截至二零一零年十二月三十一日止年度派發任何股息的計劃，但鑒於二零一零年的輝煌成果，並考慮到目前低利率的市場環境，本公司董事建議派發每股0.035港元的特別末期股息。

於二零一一年，本公司計劃增加資本開支以支撐產量增長。本公司現時計劃投入淨額約人民幣13億元，並計劃於二零一一年鑽探367口井，其中大安、莫里青及廟三油田分別為288口、35口及44口井。隨著本公司繼續開發更多儲量，二零一一年後本公司將有2,256個剩餘探明、概算及可能井位有待鑽探。本公司相信，本公司的油田擁有強勁的增長潛力。

於二零一一年二月十四日，本公司同意收購一間位於哈薩克斯坦的石油和天然氣勘探及生產公司Emir-Oil, LLC的全部發行在外的分成權益，為另一項重要里程碑。收購Emir-Oil, LLC將是本公司成為國際性的石油及天然氣公司邁出的重要的第一步。根據Emir-Oil, LLC於二零一零年三月三十一日的儲量報告，合約地區的探明儲量、探明+概算儲量以及探明+概算+可能儲量分別約為22.7百萬桶、92.2百萬桶和127.6百萬桶油當量。此外，根據Emir-Oil, LLC於二零一零年七月一日對合約地區的4處潛在油田的評估，遠景資源量估計在不扣除風險的情況下可產油約1.71億桶石油，如扣除風險，則約為5,100萬桶石油。

Management Discussion and Analysis (continued)

管理層討論和分析(續)

Financial Results

Revenue

Our revenue increased by RMB638.2 million, or 54.7%, from RMB1,166.8 million for the year ended December 31, 2009 to RMB1,805.0 million for the year ended December 31, 2010. This increase was primarily due to an increase in the crude oil prices and our sales volume.

The average realized oil price was US\$77.99 per barrel for the year ended December 31, 2010, compared to US\$58.58 per barrel for the year ended December 31, 2009. Our sales volume was 3.42 million barrels for the year ended December 31, 2010, compared to 2.92 million barrels for the year ended December 31, 2009.

Operating expenses

Our operating expenses increased by RMB245.4 million, or 26.5%, from RMB925.6 million for the year ended December 31, 2009 to RMB1,171.0 million for the year ended December 31, 2010, primarily due to an increase in special levy as a result of the increase in realized crude oil prices and sales volume.

- *Purchases, services and other expenses.* Our purchases, services and other expenses increased by RMB2.9 million, or 2.4%, from RMB123.6 million for the year ended December 31, 2009 to RMB126.5 million for the year ended December 31, 2010, primarily due to the increase in sales volume in 2010 which was offset by more stringent cost control.
- *Employee compensation costs.* Our employee compensation costs increased by RMB42.7 million, or 63.1%, from RMB67.7 million for the year ended December 31, 2009 to RMB110.3 million for the year ended December 31, 2010 primarily due to (i) increase in non-cash share-based compensation expenses arising from fair value of stock options and stock appreciation rights; (ii) higher compensation to employees because of the Company's improved financial performance in 2010 and (iii) increase in the number of our staff hiring in connection with our increased production.

財務業績

收益

本公司的收益由截至二零零九年十二月三十一日止年度的人民幣11.67億元增加人民幣6.38億元或54.7%至截至二零一零年十二月三十一日止年度的人民幣18.05億元。該增加乃主要由於原油價格及本公司的銷量上升。

已實現平均油價在截至二零一零年十二月三十一日止年度為每桶77.99美元，而截至二零零九年十二月三十一日止年度則為每桶58.58美元。本公司的銷量在截至二零一零年十二月三十一日止年度為3.42百萬桶，而截至二零零九年十二月三十一日止年度則為2.92百萬桶。

經營開支

本公司的經營開支由截至二零零九年十二月三十一日止年度的人民幣9.26億元增加人民幣2.45億元或26.5%至截至二零一零年十二月三十一日止年度的人民幣11.71億元，此乃主要由於已實現原油價格及銷量增加導致特別收益金增加所致。

- *採購、服務及其他開支。* 本公司的採購、服務及其他開支由截至二零零九年十二月三十一日止年度的人民幣1.24億元增加人民幣290萬元或2.4%至截至二零一零年十二月三十一日止年度的人民幣1.27億元，此乃主要由於二零一零年銷量上升所致，本公司嚴格的成本控制部分抵銷了上述增加。
- *員工薪酬成本。* 本公司的員工薪酬成本由截至二零零九年十二月三十一日止年度的人民幣6,770萬元增加人民幣4,270萬元或63.1%至截至二零一零年十二月三十一日止年度的人民幣1.10億元，乃主要由於(i)購股權及股份增值權公允價值所產生的非現金股份酬金開支上升；(ii)本公司於二零一零年的財務表現有所提高，令員工薪酬有所增加；及(iii)因產量增加而僱用的員工數量上升。

Management Discussion and Analysis (continued)

管理層討論和分析(續)

- *Depreciation, depletion and amortization.* Our depreciation, depletion and amortization increased by RMB82.8 million, or 18.6%, from RMB445.8 million for the year ended December 31, 2009 to RMB528.6 million for the year ended December 31, 2010. The increase is mainly due to the increase in sales volume in 2010. Depreciation, depletion and amortization is calculated using unit of production based on proved developed producing reserves for the years ended December 31, 2009 and 2010.
- *Distribution and administrative expenses.* Our distribution and administrative expenses decreased by RMB5.5 million, or 6.5%, from RMB84.1 million for the year ended December 31, 2009 to RMB78.6 million for the year ended December 31, 2010 primarily due to improvements in cost controls.
- *Taxes other than income taxes.* Our taxes other than income taxes increased by RMB216.0 million, or 294.6%, from RMB73.3 million for the year ended December 31, 2009 to RMB289.3 million for the year ended December 31, 2010. This increase was primarily due to (i) an increase in the special levy we paid to the PRC government in 2010 due to (a) increased realized crude oil prices of year 2010 as the special levy is calculated and charged at progressive ad valorem rates based on the price of crude oil and (b) an increase in sales volume; and (ii) PetroChina's payment of the special levy to the PRC government on our behalf during the first half of 2009 as compensation for special levy payments we had paid in 2008 on the excess entitlement. In 2009, PetroChina paid RMB41.8 million of the special levy due on settlement of the excess entitlement. In 2008, due to the excess entitlement, we paid PetroChina's portion of the special levy. In 2009, we settled the excess entitlement with PetroChina by letting PetroChina take more oil and pay the special levy associated with such oil. As a result, in 2009, we paid less special levy. Special levy is payable starting at US\$40 per barrel and the rate increases according to the crude oil price.
- *折舊、耗損及攤銷。* 本公司的折舊、耗損及攤銷由截至二零零九年十二月三十一日止年度的人民幣4.46億元增加人民幣8,280萬元或18.6%至截至二零一零年十二月三十一日止年度的人民幣5.29億元。該增加主要由於二零一零年銷量增加所致。折舊、耗損及攤銷乃根據截至二零零九年及二零一零年十二月三十一日止年度的探明已開發產油儲備按每單位產量計算。
- *銷售及管理費用。* 本公司的銷售及管理費用由截至二零零九年十二月三十一日止年度的人民幣8,410萬元減少人民幣550萬元或6.5%至截至二零一零年十二月三十一日止年度的人民幣7,860萬元，乃主要由於本公司的成本控制有所改善所致。
- *所得稅外的其他稅項。* 本公司所得稅外的其他稅項由截至二零零九年十二月三十一日止年度期間的人民幣7,330萬元增加人民幣2.16億元或294.6%至截至二零一零年十二月三十一日止年度期間的人民幣2.89億元。該增加乃主要由於：(i)因(a)二零一零年的已實現原油價格上漲(原因為特別收益金乃基於原油價格按累進從價費率計算及繳納)及(b)銷量上升，故本公司於二零一零年向中國政府繳納的特別收益金增加；以及(ii)於二零零九年上半年，中石油代本公司向中國政府繳納特別收益金作為本公司於二零零八年就額外分成繳納特別收益金付款的補償。於二零零九年，中石油就償付額外分成繳納人民幣4,180萬元的到期特別收益金。於二零零八年，由於額外分成，本公司繳納中石油部分特別收益金。於二零零九年，本公司透過允許中石油取得更多石油並支付上述石油的相關特別收益金，向中石油償付額外分成。因此，本公司於二零零九年繳納的特別收益金較少。應繳納的特別收益金的起點為每桶40美元，而費率視乎原油價格上升。

Management Discussion and Analysis (continued)

管理層討論和分析(續)

- *Other losses.* Our other losses decreased by RMB93.5 million, or 71.3%, from approximately RMB131.1 million for the year ended December 31, 2009 to approximately RMB37.6 million for the year ended December 31, 2010. We had other losses of RMB37.6 million for the year ended December 31, 2010, primarily due to a non-cash loss of RMB20.3 million from oil put option purchased from Standard Bank ("Standard Bank Oil Hedge") which expired on December 31, 2010 and a non-cash unrealized loss of RMB24.4 million from the oil put option purchased from Merrill Lynch Commodities, Inc ("MLCI Oil Hedge") purchased in October 2010 due to the movement in the fair value of the oil put option. The Standard Bank Oil Hedge which had a carrying value of RMB20.3 million as at December 31, 2009 expired at December 31, 2010. The accounting standard requires us to perform a fair value valuation on the unexpired portion of any oil hedge at each reporting period. The fair value valuation is determined by, amongst other things, the spot price and the forward curve of oil prices at the reporting period. The spot price of WTI as at December 31, 2010 was US\$90.8 per barrel and the forward curve for WTI for that date was higher than the spot price and upward sloping. Given WTI spot price and forward curve for WTI was higher than strike price for the new MLCI Oil Hedge, the fair value valuation requires us to book a non-cash unrealized loss of RMB24.4 million for the MLCI Oil Hedge to write down the derivative financial instruments.

We had other losses of RMB131.1 million for the year ended December 31, 2009, primarily due to non-cash unrealized loss of RMB207.2 million from the movement in the fair value of the oil put option, which was partially offset by a realized gain of RMB71.0 million on the oil put option. WTI spot price was at US\$44.1 per barrel and the forward curve was downward sloping as at December 31, 2008. Given the WTI spot price and forward curve was below the strike price for the Standard Bank Oil Hedge, we recognized a non-cash unrealized gain and wrote up the derivative financial instruments by RMB129.8 million for the year end December 31, 2008. However, by December 31, 2009, the WTI spot price was approximately US\$79.49 per barrel and the forward curve was upward sloping above the strike price of the Standard Bank Oil Hedge, so we had to book a non-cash unrealized loss and write down the derivative financial instrument by approximately RMB207.2 million.

Profit from operations

Our profit from operations increased by RMB392.8 million, or 162.8%, from RMB241.2 million for the year ended December 31, 2009 to RMB634.0 million for the year ended December 31, 2010. This increase was primarily due to an increase in revenue, partially offset by an increase in special levy.

- *其他虧損。* 本公司的其他虧損由截至二零零九年十二月三十一日止年度的人民幣約1.31億元減少人民幣9,350萬元或71.3%至截至二零一零年十二月三十一日止年度的人民幣約3,760萬元。截至二零一零年十二月三十一日止年度，本公司的其他虧損為人民幣3,760萬元，乃主要由於向Standard Bank購買的石油認沽期權(「StandardBank石油對沖」)於二零一零年十二月三十一日到期而產生非現金虧損人民幣2,030萬元，及於二零一零年十月向Merrill Lynch Commodities, Inc購買的石油認沽期權(「MLCI石油對沖」)由於石油認沽期權的公允價值變動而產生非現金未變現虧損人民幣2,440萬元。StandardBank石油對沖於二零零九年十二月三十一日的賬面值為人民幣2,030萬元，於二零一零年十二月三十一日到期。根據會計準則規定，本公司須於各報告期間對任何石油對沖的未到期部分進行公允價值評估。公允價值評估根據(其中包括)各報告日期的現貨價格及石油價格的遠期曲線釐定。於二零一零年十二月三十一日，西德克薩斯中質原油的現貨價格為每桶90.8美元，當日西德克薩斯中質原油的遠期曲線高於現貨價格並向上傾斜。鑒於西德克薩斯中質原油的現貨價格及遠期曲線高於新MLCI石油對沖的行權價，根據公允價值評估，本公司須就MLCI石油對沖確認非現金未變現虧損人民幣2,440萬元，以撇銷衍生金融工具。

截至二零零九年十二月三十一日止年度，本公司的其他虧損為人民幣1.31億元，乃主要由於因石油認沽期權公允價值變動而產生非現金未變現虧損人民幣2.07億元，其部分由石油認沽期權的已變現收益人民幣7,100萬元所抵銷。於二零零八年十二月三十一日，西德克薩斯中質原油的現貨價格為每桶44.1美元，遠期曲線向下傾斜。鑒於西德克薩斯中質原油的現貨價格及遠期曲線低於StandardBank石油對沖的行權價，本公司於截至二零零八年十二月三十一日止年度確認非現金未變現收益，並將衍生金融工具的賬面價值提高人民幣1.30億元。然而，於二零零九年十二月三十一日前，西德克薩斯中質原油的現貨價格為每桶約79.49美元，遠期曲線上行超過StandardBank石油對沖的行權價，故本公司須確認非現金未變現虧損並撇銷衍生金融工具約人民幣2.07億元。

經營溢利

本公司的經營溢利由截至二零零九年十二月三十一日止年度的人民幣2.41億元增加人民幣3.93億元或162.8%至截至二零一零年十二月三十一日止年度的人民幣6.34億元。經營溢利增加乃主要由於收益增加，部分由特別收益金增加所抵銷。

Management Discussion and Analysis (continued)

管理層討論和分析(續)

Finance costs, net

Our finance net cost decreased by RMB5.9 million, or 10.3%, from RMB57.3 million for the year ended December 31, 2009 to RMB51.4 million for the year ended December 31, 2010. This decrease was primarily due to our foreign exchange translation gain of RMB35.2 million in 2010 compared to a foreign exchange translation loss of RMB2.2 million in 2009, caused by the appreciation of the Renminbi against the U.S. dollar in 2010 as our borrowings were denominated and settled in U.S. dollars. The exchange gain was partially offset by the increase in interest expenses due to an increase in our outstanding borrowings after replacing the Standard Bank loan with the CITIC Facility in July 2009 and fully drawing down the CITIC Facility shortly thereafter.

Profit before income tax

Our profit before income tax increased by RMB398.7 million, or 216.7%, from RMB183.9 million for the year ended December 31, 2009 to RMB582.6 million for the year ended December 31, 2010. This increase was primarily due to the cumulative effects of the above factors.

Income tax expense

We had income tax expense of RMB73.4 million for the year ended December 31, 2009, compared to income tax expense of RMB161.7 million for the year ended December 31, 2010. This increase was primarily due to an increase in profit before income tax in 2010.

Net profit for the year

As a result of the foregoing, our net profit for the year increased by RMB310.4 million, or 281.0%, from RMB110.5 million for the year ended December 31, 2009 to RMB420.9 million for the year ended December 31, 2010.

EBITDA and Adjusted EBITDA

We provide a reconciliation of EBITDA and adjusted EBITDA to net profit for the year, our most directly comparable financial performance calculated and presented in accordance with IFRS. EBITDA refers to earnings before finance income, finance costs, income tax and depreciation, depletion and amortization. Adjusted EBITDA refers to EBITDA adjusted to exclude non-cash items such as share-based compensation expense, net loss/(gain) on forward foreign exchange contract and realized and unrealized loss/(gain) on the oil put option.

淨財務費用

本公司的淨財務費用由截至二零零九年十二月三十一日止年度的人民幣5,730萬元減少人民幣590萬元或10.3%至截至二零一零年十二月三十一日止年度的人民幣5,140萬元。該減少乃主要由於本公司在二零一零年的外匯匯兌收益為人民幣3,520萬元，而於二零零九年則為外匯匯兌虧損人民幣220萬元，原因為二零一零年人民幣兌美元升值，而本公司的借款乃以美元計值及償付。匯兌收益部分由利息開支增加所抵銷，原因為本公司於二零零九年七月以中信融資償還Standard Bank貸款，且於其後短期內全數提取中信融資，令未償還借款增加。

除所得稅前溢利

本公司的除所得稅前溢利由截至二零零九年十二月三十一日止年度的人民幣1.84億元增加人民幣3.99億元或216.7%至截至二零一零年十二月三十一日止年度的人民幣5.83億元。該增加乃主要由於上述因素的累計影響。

所得稅開支

截至二零零九年十二月三十一日止年度，本公司的所得稅開支為人民幣7,340萬元，而截至二零一零年十二月三十一日止年度則為所得稅開支人民幣1.62億元。該增加乃主要由於二零一零年的除所得稅前溢利增加。

年內淨溢利

由於上文所述之原因，本公司的年內淨溢利由截至二零零九年十二月三十一日止年度的人民幣1.11億元增加人民幣3.10億元或281.0%至截至二零一零年十二月三十一日止年度的人民幣4.21億元。

EBITDA及經調整EBITDA

本公司已提供EBITDA及經調整EBITDA與年內淨溢利的對賬，該對賬為根據國際財務報告準則計算及呈列的最直接的可資比較財務表現。EBITDA指扣除財務收入、財務費用、所得稅及折舊、耗損及攤銷前盈利。經調整EBITDA指經調整以扣除非現金項目，如股份酬金開支、外匯遠期合同虧損/(收益)淨額及石油認沽期權已變現及未變現虧損/(收益)的EBITDA。

Management Discussion and Analysis (continued)

管理層討論和分析(續)

We have included EBITDA and adjusted EBITDA as we believe EBITDA is a financial measure commonly used in the oil and gas industry. We believe that EBITDA and adjusted EBITDA are used as supplemental financial measures by our management and by investors, research analysts, bankers and others, to assess our operating performance, cashflow and return on capital as compared to those of other companies in our industry, and our ability to take on financing. However, EBITDA and adjusted EBITDA should not be considered in isolation or construed as alternatives to profit from operations or any other measure of performance or as an indicator of our operating performance or profitability. EBITDA and adjusted EBITDA fail to account for tax, finance income, finance costs and other non-operating cash expenses. EBITDA and adjusted EBITDA do not consider any functional or legal requirements of the business that may require us to conserve and allocate funds for any purposes.

The following table presents a reconciliation of EBITDA and adjusted EBITDA to net profit for each year indicated.

本公司加載EBITDA及經調整EBITDA乃由於本公司相信EBITDA為油氣行業常用的財務計量。本公司相信EBITDA及經調整EBITDA乃由本公司管理層、投資者、研究分析師、銀行及其他人士用作補充財務計量，以評估本公司相較於業內其他公司的經營表現、現金流量及資本回報，以及本公司進行融資的能力。然而，EBITDA及經調整EBITDA不可獨立於經營溢利或任何其他表現計量予以考慮，亦不可詮釋為經營溢利或任何其他表現計量的替代項目，或詮釋為本公司經營表現或盈利能力的指標。EBITDA及經調整EBITDA並不計及稅項、財務收入、財務費用及其他非經營性現金開支。EBITDA及經調整EBITDA並無考慮可能導致本公司須就任何目的而保留及分配資金的任何業務的功能或法定要求。

下表載列EBITDA及經調整EBITDA與各所示年度淨溢利的對賬。

		Year Ended December 31, 截至十二月三十一日止年度	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Net profit for the year	年內淨溢利	420,864	110,477
Income tax expenses	所得稅開支	161,705	73,462
Finance Income	財務收入	(35,344)	(1,552)
Finance Cost	財務費用	86,788	58,832
Depreciation, depletion and amortization	折舊、耗損及攤銷	528,582	445,824
EBITDA	EBITDA	1,162,595	687,043
Share-based compensation expenses	股份酬金開支	29,429	3,484
Net gain on forward foreign exchange contract	外匯遠期合同的收益淨額	-	(5,478)
Loss on oil put option	石油認沽期權虧損	44,692	136,252
Adjusted EBITDA	經調整EBITDA	1,236,716	821,301

Our EBITDA increased by approximately RMB475.6 million, or 69.2%, from approximately RMB687.0 million for the year ended December 31, 2009 to approximately RMB1,162.6 million for the year ended December 31, 2010. The increase was primarily due to the increase in realized oil price and sales volume.

本公司的EBITDA由截至二零零九年十二月三十一日止年度的約人民幣6.87億元增加約人民幣4.76億元或69.2%至截至二零一零年十二月三十一日止年度的約人民幣11.63億元。該增加乃主要由於實現石油價格及銷量增加。

Our adjusted EBITDA increased by approximately RMB415.4 million, or 50.6%, from approximately RMB821.3 million for the year ended December 31, 2009 to approximately RMB1,236.7 million for the year ended December 31, 2010. The increase in adjusted EBITDA was also primarily due to the increase in realized oil price and sales volume.

本公司的經調整EBITDA由截至二零零九年十二月三十一日止年度的約人民幣8.21億元增加約人民幣4.15億元或50.6%至截至二零一零年十二月三十一日止年度的約人民幣12.37億元。經調整EBITDA增加亦主要由於實現石油價格及銷量增加。

Management Discussion and Analysis (continued)

管理層討論和分析(續)

Liquidity and Capital Resources

Overview

Our primary sources of cash during 2010 were cash flow from operating activities and cash flow from financing activities. We used cash primarily to fund capital spending program and dividends.

In 2010, we had net cash generated from operating activities of RMB1,015.0 million, net cash used in investing activities of RMB1,001.8 million and net cash generated from financing activities of RMB376.7 million, resulting in a net increase in cash and cash equivalent of RMB389.8 million compared to the cash balance as of December 31, 2009.

Cash generated from operating activities

Net cash generated from operating activities was RMB1,015.0 million in the year ended December 31, 2010. In the year ended December 31, 2010, our net cash generated in operating activities included profit before income tax of RMB582.6 million adjusted for, among other things, depreciation, depletion and amortization of RMB528.6 million, higher net interest expenses of RMB86.6 million, a fair value loss on oil put option of RMB44.7 million and an unrealized foreign exchange gain of RMB35.2 million. The cash movements in 2010 included an increase in trade and other payables of RMB9.5 million, a decrease in trade and other receivable of RMB86.4 million and a decrease in inventories of RMB41.0 million.

Net cash used in operating activities was RMB70.3 million in the year ended December 31, 2009. In the year ended December 31, 2009, our net cash used in operating activities included profit before income tax of RMB183.9 million adjusted for, among other things, depreciation, depletion and amortization of RMB445.8 million, interest expenses of RMB54.9 million, an unrealized fair value loss on oil put option of RMB207.2 million, an unrealized fair value gain on currency forward of RMB25.2 million and an unrealized foreign exchange gain of RMB2.2 million. Our profit before income tax was also lower in 2009 due to lower realized oil prices and sales volume. The cash movements in the year ended December 31, 2009 included a decrease in trade and other payables of RMB581.6 million primarily due to repayment to PetroChina for the excess entitlement (see the paragraph immediately below for more details) and payments to third party suppliers, an increase in trade and other receivables of RMB226.5 million due to more oil being sold in December 2009, the proceeds from which were not received until early 2010, and a slight increase in inventory of RMB22.2 million.

流動資金及資本資源

概覽

本公司二零一零年的主要現金來源為經營活動產生的現金流量及融資活動產生的現金流量。本公司的現金主要用於為資本性支出及股息提供資金。

於二零一零年，本公司經營活動產生的現金淨額為人民幣10.15億元，投資活動所用的現金淨額為人民幣10.018億元，融資活動產生的現金淨額為人民幣3.767億元，令現金及現金等價物較截至二零零九年十二月三十一日之現金結餘淨增加人民幣3.898億元。

經營活動產生的現金

截至二零一零年十二月三十一日止年度，經營活動產生的現金淨額為人民幣10.15億元。截至二零一零年十二月三十一日止年度，本公司經營活動產生的現金淨額包括除所得稅前溢利人民幣5.826億元，並就包括折舊、耗損及攤銷人民幣5.286億元、淨利息開支增加人民幣8,660萬元、石油認沽期權公允價值虧損人民幣4,470萬元及未變現外匯收益人民幣3,520萬元等在內的項目作出調整。二零一零年的現金變動包括應付及其他應付款項增加人民幣950萬元、應收及其他應收款項減少人民幣8,640萬元及存貨減少人民幣4,100萬元。

截至二零零九年十二月三十一日止年度，經營活動所用的現金淨額為人民幣7,030萬元。於二零零九年十二月三十一日止年度，本公司經營活動所用的現金淨額包括除所得稅前溢利人民幣1.839億元，並就包括折舊、耗損及攤銷人民幣4.458億元、利息開支人民幣5,490萬元、石油認沽期權未變現公允價值虧損人民幣2.072億元、貨幣遠期未變現公允價值收益人民幣2,520萬元及未變現外匯收益人民幣220萬元等在內的項目作出調整。由於已實現油價及銷量降低，本公司的除所得稅前溢利於二零零九年亦降低，截至二零零九年十二月三十一日止年度的現金變動包括應付及其他應付款項減少人民幣5.816億元(主要由於向中石油償還額外分成(詳情請參閱下文)及向第三方供應商支付款項)、應收及其他應收款項增加人民幣2.265億元(由於二零零九年十二月售出更多石油，而有關所得款項於二零一零年初方予回收)及存貨輕微增加人民幣2,220萬元。

Management Discussion and Analysis (continued)

管理層討論和分析(續)

Cash used in investing activities

Net cash used in investing activities in the year ended December 31, 2010 amounted to RMB1,001.8million, mainly as a result of project development costs of RMB910.2 million, and loans granted to GOC of RMB91.6 million.

Net cash used in investing activities in the year ended December 31, 2009 amounted to RMB881.8 million, mainly as a result of project development costs of RMB881.4 million, and loans granted to GOC of RMB21.7 million, partially offset by a reduction in pledged deposits of RMB19.5 million due to a bank guarantee we provided to Jilin Guotai Petroleum Development Company in July 2008, which was released in 2009.

Cash generated from financing activities

Net cash generated from financing activities in the year ended December 31, 2010 amounted to RMB376.7 million due to (i) proceeds from initial public offering of RMB605.2 million in December 2010, offset by (i) a cash dividend of RMB136.5 million paid in March 2010, (ii) payment of RMB64.9 million for the fees incurred during initial public offering, (iii) payment of US\$4 million (RMB27.1) million for arrangement fee of CITIC bank loan.

Net cash generated from financing activities in the year ended December 31, 2009 amounted to RMB860.2million due to (i) a drawdown of US\$182 million (RMB1,243.2 million) from our CITIC Bank International Limited and CITIC Bank Guangzhou long-term credit facility, (ii) a drawdown of US\$30 million (RMB204.8 million) from our CITIC Bank International Limited and CITIC Bank Guangzhou short-term revolving credit facility, and (iii) net proceeds from the issuance of series A preferred shares of RMB339.6 million, offset by (i) a repayment of US\$119.3 million (RMB825.0 million) under our Standard Bank loan facility and (ii) a repayment of US\$15 million (RMB102.4 million) under our CITIC Bank International Limited and CITIC Bank Guangzhou short-term revolving credit facility. The Standard Bank loan facility was terminated on July 31, 2009.

Our gearing ratio, which is defined as total borrowings less cash and cash equivalents ("Net Borrowings") divided by the sum of Net Borrowings and total equity, decreased from 46% in 2009 to 24% in 2010. The decrease is mainly due to the proceeds received from Global Offering and higher net profit in 2010.

Market Risks

Our market risk exposures primarily consist of fluctuations in oil and gas prices, exchange rates and interest rates.

投資活動所用的現金

截至二零一零年十二月三十一日止年度，投資活動所用的現金淨額為人民幣10.018億元，主要為項目開發費用人民幣9.102億元及授予澳大利亞環球石油的貸款人民幣9,160萬元。

截至二零零九年十二月三十一日止年度，投資活動所用的現金淨額為人民幣8.818億元，主要由於項目開發費用人民幣8.814億元及授予澳大利亞環球石油貸款人民幣2,170萬元，由抵押存款減少人民幣1,950萬元(因本公司於二零零八年七月向吉林省國泰石油開發有限公司提供銀行擔保，而該擔保已於二零零九年解除)部分抵銷所致。

融資活動產生的現金

截至二零一零年十二月三十一日止年度，融資活動產生的現金淨額為人民幣3.767億元，由於(i)於二零一零年十二月的首次公開發售所得款項人民幣6.052億元被(ii)二零一零年三月支付的現金股息人民幣1.365億元，(ii)支付於首次公開發售產生之費用人民幣6,490萬元及(iii)支付中信銀行貸款安排費用400萬美元(人民幣2,710萬元)抵銷所致。

截至二零零九年十二月三十一日止年度，融資活動產生的現金淨額為人民幣8.602億元，由於：(i)自本公司中信銀行國際有限公司及中信銀行廣州提取長期信貸融資1.82億美元(人民幣12.432億元)；(ii)自本公司中信銀行國際有限公司及中信銀行廣州提取短期循環信貸融資3,000萬美元(人民幣2.048億元)；及(iii)發行系列A優先股所得款項淨額人民幣3.396億元，由：(i)償還Standard Bank貸款融資下1.193億美元(人民幣8.250億元)；及(ii)償還中信銀行國際有限公司及中信銀行廣州短期循環信貸融資1,500萬美元(人民幣1.024億元)抵銷所致。Standard Bank貸款融資已於二零零九年七月三十一日終止。

本公司的負債比率(借款總額減現金及現金等價物(「淨借款額」)除以淨借款額及權益總額之和)自二零零九年之46%減少至二零一零年的24%。該減少主要由於於二零一零年獲得全球發售的所得款項及淨溢利增加所致。

市場風險

本公司面臨的市場風險主要包括油氣價格、匯率及利率的波動。

Management Discussion and Analysis (continued)

管理層討論和分析(續)

Oil price risk

As our realized oil prices are mainly determined by reference to oil prices in the international market, changes in international oil prices have a significant impact on us. Unstable and high volatility of international oil prices may have a significant impact on our revenue and profit.

Currency risk

All of the Group's sales are in US dollars, while production and other expenses are incurred in RMB. The RMB is not a freely convertible currency and is regulated by the PRC government. Limitations on foreign exchange transactions imposed by the PRC government could cause future exchange rates to vary significantly from current or historical exchange rates. Management is not in a position to anticipate changes in the PRC foreign exchange regulations and as such is unable to reasonably anticipate the impacts on the Group's results of operations or financial position arising from future changes in exchange rates.

Interest rate risk

The Group's income and operating cash flows are substantially independent of the changes in market rates. The Group's interest rates risk arises from borrowings.

Employees

As at December 31, 2010, the Company had 1,610 employees. On November 27, 2010, we adopted a new share option scheme for directors, senior management and other eligible grantees of the Company. The Board has not granted any options under such share option scheme. We have also adopted a market-oriented employment system and a more competitive remuneration scheme by improving our employment policy.

Contingencies

On August 28, 2000, MIE entered into a PSC with Sinopec for exploration and development of the Shengli oilfield in Shandong Province. In 2000, MIE began the trial-development phase of its operations at the Shengli oilfield and drilled a dry hole. The project has been suspended since the end of 2004. In April 2005, MIE requested an extension from Sinopec to restart the project at the Shengli oilfield. On September 27, 2006, MIE received a letter from Sinopec denying the request to restart the project and seeking to terminate the PSC on the grounds that the extension period of the trial-development phase had expired and MIE had not met its investment commitment of at least US\$2 million under the PSC. MIE believes its investment in the project at Shengli oilfield had met the required commitment amount under the PSC. The PSC with Sinopec has not been formally terminated and the dispute has not entered any judicial proceedings.

原油價格風險

由於本公司的實現石油價格主要參照國際市場油價釐定，因此國際油價的變動對本公司影響重大。國際油價的不穩定及大幅波動或會對本公司的收益及溢利造成顯著影響。

貨幣風險

本集團的全部銷售以美元計值，而生產及其他開支則以人民幣入賬。人民幣並非為自由轉換貨幣，須受中國政府規管。中國政府對外匯交易所設定的限制可能導致未來匯率與當前或歷史匯率相比出現大幅變動。管理層無法預測中國外匯管制的變動，故無法合理估計未來匯率變動對本集團經營業績或財務狀況的影響。

利率風險

本集團的收入及經營現金流量大致上獨立於市場利率的變動。本集團的利率風險來自借款。

僱員

於二零一零年十二月三十一日，本公司擁有1,610名僱員。於二零一零年十一月二十七日，本公司就本公司董事、高級管理層及其他合資格承授人採納一項新購股權計劃。董事會尚未根據該購股權計劃授予任何購股權。本公司亦已通過優化僱員政策，採用以市場為導向的僱員體系以及更具競爭力的薪酬計劃。

或有負債

於二零零零年八月二十八日，MIE與中石化訂立產品分成合同，以勘探及開發山東省勝利油田。於二零零零年，MIE開始進入其於勝利油田業務的試開發階段並已鑽得一口乾眼。該項目已自二零零零年末起被擱置。於二零零五年四月，MIE向中石化要求延長期限以重新啟動勝利油田項目。於二零零六年九月二十七日，MIE接獲中石化否決其重新啟動該項目要求的函件，且中石化以試開發階段延長期限已屆滿及MIE並未履行產品分成合同項下至少200萬美元的投資承諾為由，要求終止產品分成合同。MIE認為其於勝利油田項目中的投資已符合產品分成合同所規定的承諾金額。與中石化訂立的產品分成合同尚未正式終止，且糾紛並未進入任何司法程序。

Independent Auditor's Report

獨立核數師報告書

PRICEWATERHOUSECOOPERS 

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong
Telephone (852) 2289 8888
Facsimile (852) 2810 9888

To the shareholders of MIE Holdings Corporation

(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of MIE Holdings Corporation ("the Company") and its subsidiaries (together, the "Group") set out on pages 56 to 140, which comprise the consolidated and company statements of financial position as at December 31, 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

致MI能源控股有限公司股東

(於開曼群島註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核列載於第56至140頁MI能源控股有限公司(「貴公司」)及其附屬公司(以下合稱「貴集團」)的合併財務報表。此合併財務報表包括於二零一零年十二月三十一日的合併及公司財務狀況表與截至該日止年度的合併全面收益表、合併權益變動表和合併現金流量表，以及主要會計政策概要及其他附註解釋。

董事就合併財務報表須承擔的責任

貴公司董事須負責根據國際財務報告準則及按照香港《公司條例》的披露規定編製及真實而公平地列報該等合併財務報表。這責任包括編製及真實而公平地列報合併財務報表相關的內部控制，以使合併財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

核數師的責任

我們的責任是根據我們的審核對該等合併財務報表作出意見。我們已根據國際審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等合併財務報表是否不存有任何重大錯誤陳述。

Independent Auditor's Report (continued)

獨立核數師報告書(續)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at December 31, 2010, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance .

Other Matters

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, March 25, 2011

審核涉及執程序以獲取有關合併財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致合併財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地列報合併財務報表相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制的效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價合併財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

意見

我們認為，該等合併財務報表已根據國際財務報告準則真實而公平地反映貴公司及貴集團於二零一零年十二月三十一日的財務狀況及貴集團截至該日止年度的經營成果及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

其他事項

本報告包括意見，僅向整體股東報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

羅兵咸永道會計師事務所

執業會計師

香港，二零一一年三月二十五日

Consolidated Statement of Financial Position

合併財務狀況表

		As at December 31, 於十二月三十一日	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
	Notes 附註		
ASSETS	資產		
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	6	3,024,482
Intangible asset	無形資產	7	1,677
Derivative financial instruments	衍生金融工具	8	20,285
Trade and other receivables	應收及其他應收款項	9	24,212
			70,360
			3,070,656
			2,738,102
Current assets	流動資產		
Inventories	存貨	11	36,664
Derivative financial instruments	衍生金融工具	8	11,168
Trade and other receivables	應收及其他應收款項	9	398,294
Amount due from shareholder	應收股東款項	12	-
Pledged deposits	抵押存款	10	29,916
Cash and cash equivalents	現金及現金等價物	13	680,033
			1,156,075
			988,030
TOTAL ASSETS	資產總值		4,226,731
			3,726,132
EQUITY	權益		
Capital and reserves attributable to equity holders of the Group	本集團股權持有人應佔資本及儲備		
Ordinary shares	普通股	14	17,588
Preferred shares	優先股	14	-
Share premium	股本溢價	15	826,477
Other reserves	其他儲備	15	91,919
Retained earnings	留存收益		
– Proposed final dividend	– 提議分派的股息	26	77,933
– Others	– 其他		946,014
			848,707
Total equity	權益總額		1,959,931
			1,253,446
LIABILITIES	負債		
Non-current liabilities	非流動負債		
Asset retirement obligations	資產棄置義務	16	9,270
Deferred income tax liabilities – net	淨遞延所得稅負債	17	8,694
Trade and other payables	應付及其他應付款項	18	137,598
Borrowings	借款	19	1,191,862
			1,347,424
			1,506,576

Consolidated Statement of Financial Position (continued)

合併財務狀況表(續)

		As at December 31, 於十二月三十一日	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
		Notes 附註	
Current liabilities	流動負債		
Trade and other payables	應付及其他應付款項	18	808,635
Current income tax liabilities	當期所得稅負債		55,052
Borrowings	借款	19	102,423
			919,376
Total liabilities	負債總額		2,472,686
TOTAL EQUITY AND LIABILITIES	權益及負債總額		4,226,731
Net current assets	流動資產淨值		21,920
Total assets less current liabilities	資產總值減流動負債		3,307,355

The notes on page 63 to 140 are an integral part of these financial statements.

第63頁至第140頁之附註屬本合併財務報表之一部分。

The financial statements on page 56 to 140 were approved by the Board of Directors on March 25, 2011 and were signed on its behalf,

第56頁至第140頁之財務報表已於二零一一年三月二十五日獲董事會核准及授權刊發，並由下列董事會代表簽署：

Zhang Ruilin

張瑞霖

Director

董事

Allen Mak

麥雅倫

Director

董事

Statement of Financial Position

財務狀況表

		As at December 31, 於十二月三十一日	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
	Notes 附註		
ASSETS			
Non-current assets			
Investment in subsidiary		1,400,552	1,371,125
Amount due from subsidiary		602,021	323,713
		2,002,573	1,694,838
Current assets			
Cash and cash equivalents	13	342,950	33
Prepaid expenses		-	12,786
		342,950	12,819
TOTAL ASSETS		2,345,523	1,707,657
EQUITY			
Capital and reserves			
Ordinary shares	14	17,588	659
Preferred shares	14	-	171
Share premium	15	826,477	339,449
Other reserves	15	1,367,599	1,368,136
Retained earnings/(Accumulated deficit)			
– Proposed final dividend	26	77,933	-
– Others		11,316	(3,482)
Total equity		2,300,913	1,704,933
LIABILITIES			
Current liabilities			
Salary payable		5,960	-
Stock appreciation rights liabilities	18	21,260	2,260
Other liabilities		17,390	464
Total liabilities		44,610	2,724
TOTAL EQUITY AND LIABILITIES		2,345,523	1,707,657
Net current assets		298,340	10,095
Total assets less current liabilities		2,300,913	1,704,933

The notes on page 63 to 140 are an integral part of these financial statements.

The financial statements on page 56 to 140 were approved by the Board of Directors on March 25, 2011 and were signed on its behalf.

Zhang Ruilin
張瑞霖
Director
董事

Allen Mak
麥雅倫
Director
董事

第63頁至第140頁之附註屬本合併財務報表之一部分。

第56頁至第140頁之財務報表已於二零一一年三月二十五日獲董事會核准及授權刊發，並由下列董事會代表簽署：

Consolidated Statement of Comprehensive Income

合併全面收益表

		Year ended December 31, 截至十二月三十一日止年度	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
	Notes 附註		
Revenue	收益	5	1,804,976
Operating expenses	經營開支		
Purchases, services and other	採購、服務及其他		(126,517)
Employee compensation costs	員工薪酬成本	20	(110,346)
Depreciation, depletion and amortization	折舊、耗損及攤銷		(528,582)
Distribution expenses	銷售開支		(28,424)
Administrative expenses	管理費用		(50,154)
Taxes other than income taxes	所得稅外的其他稅項	21	(289,296)
Other losses	其他虧損	22	(37,644)
Total operating expenses	總經營開支		(1,170,963)
Profit from operations	經營溢利		634,013
Finance income	財務收入	23	35,344
Finance costs	財務費用	23	(86,788)
Finance costs – net	淨財務費用	23	(51,444)
Profit before income tax	除所得稅前溢利		582,569
Income tax expense	所得稅開支	24	(161,705)
Net profit for the year	年內淨溢利		420,864
Other comprehensive income:	其他綜合收益：		
Currency translation difference	貨幣折算差異		(10,941)
Other comprehensive income for the year, net of tax	年內其他綜合收益稅後淨值		(10,941)
Total comprehensive income for the year	年內綜合收益總額		409,923
Net profit attributable to the equity holders of the Company	本公司股權持有人應佔淨溢利		420,864
Earnings per share, Basic (expressed in RMB per share)	每股基本盈利(每股人民幣)	30	0.19
Earnings per share, Diluted (expressed in RMB per share)	每股攤薄盈利(每股人民幣)	30	0.19
Dividends distributed during the year	本年股息分派	26	217,584
Dividends proposed after the balance sheet date	資產負債表日後提議分派的股息	26,31(c)	77,933

The notes on page 63 to 140 are an integral part of these consolidated financial statements.

第63頁至第140頁之附註屬本合併財務報表之一部份。

Consolidated Statement of Changes in Equity

合併權益變動表

		Ordinary shares 普通股	Preferred shares 優先股	Share premium 股本溢價	Other reserves 其他儲備	Retained earnings 留存收益	Total equity 權益總額
	Note 附註	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
As at January 1, 2009	於2009年1月1日	684	-	-	49,023	1,094,058	1,143,765
Comprehensive income for the year	年內合併收益						
Net profit for the year	年內淨溢利	-	-	-	-	110,477	110,477
Transfer to safety fund reserve	轉撥至安全基金儲備	15	-	-	14,213	(14,213)	-
		-	-	-	14,213	96,264	110,477
Transactions with owners	與擁有人交易						
Employees stock options	僱員購股權	14c,20	-	-	1,224	-	1,224
Issuance of redeemable ordinary shares	發行可贖回普通股	14a	-	-	(35,043)	-	(35,043)
Cancellation of redeemable ordinary shares	注銷可贖回普通股	14a	-	-	35,043	-	35,043
Issuance of Series A preferred shares for cash	為現金發行系列A優先股	14b	-	146	339,449	-	339,595
Issuance of Series A preferred shares in exchange for ordinary shares	為交換普通股發行系列A優先股	14b	-	25	61,429	-	61,454
Cancellation of ordinary shares	注銷普通股	14b,15	(25)	-	(61,429)	-	(61,454)
Deemed dividend distribution	視為股息分派	26	-	-	-	(341,615)	(341,615)
Total transactions with owners	與擁有人交易總額	(25)	171	339,449	1,224	(341,615)	(796)
As at December 31, 2009	於2009年12月31日	659	171	339,449	64,460	848,707	1,253,446

Consolidated Statement of Changes in Equity (continued)

合併權益變動表(續)

		Ordinary shares 普通股	Preferred shares 優先股	Share premium 股本溢價	Other reserves 其他儲備	Retained earnings 留存收益	Total equity 權益總額	
	Note 附註	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
As at January 1, 2010	於2010年1月1日	659	171	339,449	64,460	848,707	1,253,446	
Comprehensive income for the year	年內合併收益							
Net profit for the year	年內淨溢利	-	-	-	-	420,864	420,864	
Transfer to safety fund reserve	轉撥至安全基金儲備	15	-	-	28,040	(28,040)	-	
Currency translation difference	貨幣折算差異	-	-	-	(10,941)	-	(10,941)	
		-	-	-	17,099	392,824	409,923	
Transactions with owners	與擁有人交易							
Employees stock options	僱員購股權	-	-	-	10,360	-	10,360	
Cancellation of ordinary shares	注銷可贖回普通股	14a	(124)	(614,047)	-	-	(614,171)	
Issuance of Series B preferred shares in exchange of ordinary shares	為交換普通股發行系列B優先股	14b	-	249	613,923	-	614,172	
Cash dividend distribution	現金股息分派	26	-	-	-	(136,532)	(136,532)	
Deemed dividend distribution	視為股息分派	26	-	-	-	(81,052)	(81,052)	
Conversion of Series A shares to ordinary shares	轉換系列A優先股至普通股	14	171	(171)	-	-	-	
Conversion of Series B shares to ordinary shares	轉換系列B優先股至普通股	-	124	(249)	125	-	-	
Capitalization issuance of ordinary shares to shareholders registered on November 23, 2010	向截至2010年11月23日已登記的股東資本化發行普通股	14a	13,822	-	(13,822)	-	-	
Issuances of ordinary shares for Global Offering	為全球發售發行普通股	14a	2,936	-	500,849	-	503,785	
Total transactions with owners	與擁有人交易總額		16,929	(171)	487,028	10,360	(217,584)	296,562
As at December 31, 2010	於2010年12月31日		17,588	-	826,477	91,919	1,023,947	1,959,931

The notes on pages 63 to 140 are an integral part of these consolidated financial statements.

第63頁至第140頁之附註屬本合併財務報表之一部分。

Consolidated Statement of Cash Flows

合併現金流量表

		Year ended December 31, 截至12月31日止年度	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
	Notes 附註		
Cash flows from operating activities	經營活動產生的現金流量		
Cash generated from operations	經營產生的現金	1,344,234	38,631
Interest paid	已付利息	(72,420)	(58,629)
Income tax paid	已付所得稅	(256,915)	(50,264)
Net cash generated from/(used in) operating activities	經營活動產生/(所用)的現金淨額	1,014,899	(70,262)
Cash flows from investing activities	投資活動所用的現金流量		
Purchases of property, plant and equipment	購買物業、廠房及設備	(910,244)	(881,374)
(Increase)/decrease in pledged deposits	抵押存款(增加)/減少	(114)	19,460
Loan granted to PSC partner	授予產品分成合同夥伴貸款	(91,586)	(21,733)
Interest received	已收利息	143	1,834
Net cash used in investing activities	投資活動所用的現金淨額	(1,001,801)	(881,813)
Cash flows from financing activities	融資活動產生的現金流量		
Proceeds from borrowings	借款所得款項	-	1,447,977
Repayments of borrowings	償還借款	-	(927,345)
Payment of loan arrangement fees	支付貸款協議費用	(27,114)	-
Proceeds from issuance of preferred shares	發行優先股所得款項	-	339,595
Proceeds from Global Offering	全球發售所得款項	605,219	-
Payment of fees relating to Global Offering	支付全球發售相關費用	(64,909)	-
Cash dividends paid	已付現金股息	(136,532)	-
Net cash generated from financing activities	融資活動產生的現金淨額	376,664	860,227
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物的增加/(減少)淨額	389,762	(91,848)
Exchange losses on cash and cash equivalents	現金及現金等價物的匯兌虧損	-	-
Cash and cash equivalents at beginning of the year	年初現金及現金等價物	290,271	382,119
Cash and cash equivalents at end of the year	年末現金及現金等價物	680,033	290,271

The notes on pages 63 to 140 are an integral part of these consolidated financial statements.

第63頁至第140頁之附註屬本合併財務報表之一部分。

Notes to the Consolidated Financial Statements

合併財務報表附註

1 General Information and Group Reorganization

The Company was incorporated by Far East Energy Limited (“FEEL”), a company incorporated in Hong Kong with limited liability, on March 20, 2008. The Company is listed on the Stock Exchange of Hong Kong Limited.

MI Energy Corporation (“MIE”) is a limited liability company incorporated in Cayman Islands and domiciled in the People’s Republic of China (“PRC” or “China”). MIE was a wholly owned subsidiary of FEEL until January 12, 2009, when MIE became a wholly owned subsidiary of the Company and the Company became a subsidiary of FEEL. Mr. Zhang Ruilin and Mr. Zhao Jiangwei ultimately control MIE through their controlling interest in FEEL.

The Company and its subsidiaries (“the Group”) principal business is to engage in the development, production and sale of crude oil through MIE’s four production sharing projects it obtained in 2001 and located at four oil blocks. On May 26, 2001, MIE was assigned all of Microbes, Inc.’s, its then parent company, 90% foreign participating interest in the production sharing contracts (“PSCs”) of four oil blocks, namely, Daan, Moliqing and Miao 3 in Jilin Province with PetroChina and Luojiayi 64 block in Shengli of Shandong Province with China Petroleum and Chemical Corporation (“Sinopec”). The Daan and Miao 3 projects were established in 1997, and the Moliqing project was established in 1998. The duration of those three projects are 30 years with the commercial production period being up to 20 years. Daan, Moliqing and Miao 3 will expire in year 2024, year 2028 and year 2028 respectively. The Group acts as the operator of these four PSC’s. The Group and Global Oil Corporation (“GOC”), hold a 90% interest and a 10% interest in the foreign participating interest in the PSCs for Daan, Moliqing and Miao 3, respectively. (Note 2(c)).

As of January 1, 2005, the Daan project was in the commercial production phase. As of October 1, 2008, the Miao 3 project attained commercial production. As of December 1, 2008, the Moliqing project reached commercial production. In 2006, the Luojiayi 64 block stopped work and in 2005 MIE’s related investment was fully written off (Note 28(b)).

On August 6, 2010, MI Energy (Kazakhstan) Corporation was incorporated in the Cayman Islands as an investment holding company with limited liability, and became a wholly owned subsidiary of the Company. On August 11, 2010, MIE Kazakhstan further allotted and issued 9,999 ordinary shares of US\$1 each to the Company. On October 14, 2010, the name of MIE Kazakhstan was changed as MIE New Ventures Corporation.

1 一般資料及集團重組

本公司由Far East Energy Limited(「FEEL」)(一家於香港註冊成立的有限公司)在2008年3月20日註冊成立。本公司在香港聯合交易所有限公司上市交易。

MI Energy Corporation(「MIE」)是於開曼群島註冊成立的有限公司，居所位於中華人民共和國(「中國」)。於二零零九年一月十二日之前，MIE為FEEL的全資附屬公司，之後MIE成為本公司的全資附屬公司，同時本公司成為FEEL的附屬公司。張瑞霖先生及趙江巍先生通過彼等於FEEL的控股權益最終控制MIE。

本公司及所屬附屬公司(「本集團」)主要通過MIE於二零零一年獲得位於四個油區的四個產品分成項目從事開發、生產及銷售原油。於二零零一年五月二十六日，MIE獲配所有Microbes, Inc.(其當時的母公司)於四個油區的產品分成合同(「產品分成合同」)90%的外國參與權益，即與中國石油天然氣股份有限公司(「中石油」)合作的吉林省大安、莫裡青及廟3區塊及與中國石油化工股份有限公司(「中石化」)合作的山東省勝利羅家義64區塊。大安及廟3項目於一九九七年啟動，而莫裡青項目則於一九九八年啟動。該三個項目的期限為三十年，而其商業生產期則最多為二十年。大安、莫裡青及廟三項目分別將於二零二四年，二零二八年和二零二八年分別到期。本集團為此四個產品分成合同的作業者。本集團及澳大利亞環球石油公司(「澳大利亞環球石油」)於大安、莫裡青及廟3區塊之產品分成合同的外國參與權益內分別持有90%及10%的權益。(附註2(c))。

截至二零零五年一月一日，大安項目處於商業生產階段。截至二零零八年十月一日，廟3項目開始商業生產。截至二零零八年十二月一日，莫裡青項目亦開始商業生產。於二零零六年，羅家義64區塊終止作業，而於二零零五年，MIE的有關投資已全數沖銷。(附註28(b))。

MIE Kazakhstan是於二零一零年八月六日在開曼群島以投資控股公司形式註冊成立的有限公司，並成為本公司的全資附屬公司。於二零一零年八月十一日，MIE Kazakhstan向本公司進一步分配並發行了9,999份普通股。於二零一零年十月十四日，MIE Kazakhstan將名稱變更為MIE New Ventures Corporation。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

2 Summary of Significant Accounting Policies

(a) Basis of preparation

The Company prepared the accompanying consolidated financial statements in accordance with IFRS as issued by the IASB.

All significant intra-group transactions and balances have been eliminated on consolidation.

The principal accounting policies used in preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all years presented unless otherwise stated. The consolidated financial statements have been prepared under the historical cost convention, as modified by revaluation of financial derivative instruments at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

New accounting pronouncements

(i) New standards, amendments to and interpretations on existing standards adopted by the Group are as follows:

- IAS 7 (Amendment) 'statement of cash flows', effective for periods beginning on or after January 1, 2010. The amendment requires only expenditures that result in a recognized asset in the statement of financial position to be classified as investing activities.

2 主要會計政策概要

(a) 編製基準

本公司根據國際會計準則理事會頒佈的國際財務報告準則編製隨附合併財務報表。

集團間重大交易及結餘乃於合併入帳時銷帳。

編製合併財務報表時採用的主要會計政策載於下文。除另有所述者外，該等政策已於呈列年度持續應用。合併財務報表乃按歷史成本法編製，經對按公允價值計入損益賬的衍生金融工具重新估值進行修正。

按國際財務報告準則編製合併財務報告須採用若干重要會計估計。其亦要求管理層在應用本集團的會計政策時作出判斷。涉及更高程度判斷及複雜性的領域，或假設及估計對合併財務報告屬重大的領域，在附註4內披露。

新訂會計準則

(i) 本集團採納的新訂準則、現有準則的修訂本及詮釋如下：

- 國際會計準則第7號(修訂本)「現金流量表」於二零一零年一月一日或之後開始的期間生效。修訂本規定導致於財務狀況表產生認可資產的支出方被分類為投資活動。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

2 Summary of Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

New accounting pronouncements (continued)

- IFRS 2 (Amendments), “Share-based payments” is effective for annual beginning on or after July 1, 2009. IFRS 2 (Amendments), ‘Group cash-settled share-based payment transactions’ effective from January 1, 2010. In addition to incorporating IFRIC Int 8 ‘scope of IFRS 2’ and IFRC-Int 11, ‘IFRS 2 –group and treasury share transactions’, the amendments expand on the guidance in IFRIC 11 to address the clarification of group arrangements that were not covered by the interpretation.

The adoption of these new standards and amendments do not have a material impact on the Group’s or Company’s financial statements.

(ii) New standards, amendments and interpretations to existing standards not yet effective and not early adopted by the Group

- IFRS 9, ‘Financial instruments’, issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the Group’s accounting for its financial assets. The standard is not applicable until January 1, 2013 but is available for early adoption.

2 主要會計政策概要(續)

(a) 編製基準(續)

新訂會計準則(續)

- 國際財務報告準則第2號(修訂本)「股份支付」於二零零九年七月一日或之後開始的年度生效。國際財務報告準則第2號(修訂本)「集團現金結算股份支付交易」自二零一零年一月一日起生效。除包含國際財務報告詮釋委員會詮釋第8號「國際財務報告準則第2號的範圍」及國際財務報告詮釋委員會詮釋第11號「國際財務報告準則第2號－集團及庫存股份交易」外，修訂本亦擴大國際財務報告詮釋委員會詮釋第11號的指引，已處理該詮釋未涉及的集團安排的分類。

採納此等新訂準則及修訂本對本集團或本公司的財務報表並無重大影響。

(ii) 尚未生效及未提前採納的新訂準則、現有準則的修訂本及詮釋

- 國際財務報告準則第9號「金融工具」於二零零九年十二月頒佈。該準則處理金融資產的分類及計量，可能影響本集團對其金融資產的會計方法。該準則於二零一三年一月一日後適用，惟可獲提前採納。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

2 Summary of Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

New accounting pronouncements (continued)

- Revised IAS 24, 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised IAS 24 is required to be applied from January 1, 2011. Earlier application, in whole or in part, is permitted.
- 'Classification of rights issues' (Amendment to IAS 32), issued in October 2009. For rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment should be applied for annual periods beginning on or after February 1, 2010. Earlier application is permitted.
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. This clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after July 1, 2010. Earlier application is permitted.

2 主要會計政策概要(續)

(a) 編製基準(續)

新訂會計準則(續)

- 經修訂國際會計準則第24號「關聯方披露」於二零零九年十一月頒佈。其取代於二零零三年頒佈的國際會計準則第24號「關聯方披露」。經修訂國際會計準則第24號須於二零一一年一月一日起採納，惟可提前採納該修訂的全部或部分。
- 「供股份類」(國際會計準則第32號修訂本)於二零零九年十月頒佈。就換取定額外幣提呈的供股而言，現行慣例規定將此等供股計作衍生負債。該修訂本指明，倘按比例向實體的所有同類現有股東發行供股以換取定額貨幣，供股須分類為權益，而不論行權價的列值貨幣。該修訂本須於二零一零年二月一日或之後開始的年度期間適用，惟可獲提前採納。
- 國際財務報告詮釋委員會第19號「以股本工具抵銷金融負債」。該詮釋澄清當實體與其債權人重新協議一項金融負債的條款，而債權人同意接受實體的股份或其他股本工具以清償全部或部分金融負債時，國際財務報告準則的規定。該詮釋於二零一零年七月一日或之後開始的年度期間適用，惟可獲提前採納。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

2 Summary of Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

New accounting pronouncements (continued)

- Improvements to International Financial Reporting Standards 2010 were issued in May 2010. The effective dates vary standard by standard but most are effective January 1, 2011.

The Group is in the process of reviewing the impact of the above standards and do not expect these standards to have a material impact on the Group's or Company's financial statements at the current stage.

(b) Consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any 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.

2 主要會計政策概要(續)

(a) 編製基準(續)

新訂會計準則(續)

- 對二零一零年國際財務報告準則的改進於二零一零年五月頒佈。生效日期因不同準則有所差異，但多數準則於二零一一年一月一日開始生效。

本集團正審閱上述準則的影響，且預期不會於現階段對本集團或本公司的財務報表造成重大影響。

(b) 合併

附屬公司

附屬公司為本集團有權控制其財政及經營政策的所有實體，一般附帶擁有其過半數投票權的股權。於評估本集團是否控制另一實體時，會考慮現時可行使或可轉換的潛在投票權之存在及影響。附屬公司的資產、負債及經營業績乃自其控制權轉讓予本集團之日起於合併財務報表內列賬。其於控制權終止之日起不再於合併財務資料內確認或列賬。

本集團之業務合併使用收購會計法入帳。收購附屬公司之轉讓代價為本集團所轉讓資產、所產生負債及所發行股權之公允值。該轉讓對價包括發生自或有對價安排中的任何資產或負債。收購相關成本於產生時列為開支。於業務合併時所收購的可識辨資產及所承擔的負債及或有負債，初步按收購日期之公允值計量。在按收購法收購時，本集團以個別交易為基礎，按公允價值或非控制性權益應佔被收購方淨資產的比例計量於被收購方的非控制權益。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

2 Summary of Significant Accounting Policies (continued)

(b) Consolidation (continued)

Subsidiaries (continued)

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Production sharing contracts

The Group's development and production activities are conducted jointly with others through PSCs. These PSCs establish joint control over the development and production activities. The assets are not owned by a separate legal entity but are controlled by individual participants in the PSCs. Each participant is entitled to a predetermined share of the related output and bears an agreed share of the costs.

The consolidated financial statements reflect:

- (i) MIE's assets used in jointly controlled operations;
- (ii) any liabilities that MIE has incurred;

2 主要會計政策概要(續)

(b) 合併(續)

附屬公司(續)

對附屬公司的投資以成本減去減值後的淨額核算。對成本進行調整以反映或有價金修改所產生的變化。成本還包含投資的直接可歸屬成本。

轉讓對價的超額部分、被收購方之任何非控股權益金額及任何先前於被收購方的股權於收購日期的公允價值超過本集團應佔所收購可識辨資產淨值公允價值之差額入帳列作商譽。倘該協議購入價低於購入附屬公司資產淨值之公允價值，則該差額會直接於合併收益表內確認。

公司間交易、結餘及集團公司間交易的未變現收益乃予以注銷。未變現虧損亦予以注銷，除非交易提供轉讓資產已減值的證據則另作別論。已於必要時更改附屬公司的會計政策，以確保其與本集團所採納的政策一致。

(c) 產品分成合同

本集團通過產品分成合同與其他方共同進行開發及生產活動。該等合同建立開發及生產活動的共同控制。該等資產並非由獨立法人實體擁有，而由產品分成合同的個人參與者控制。各參與者有權享有相關產品預先釐定的份額，並承擔協議份額的成本。

合併財務報表反映：

- (i) 用於共同控制經營的MIE資產；
- (ii) MIE已產生的任何負債；

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

2 Summary of Significant Accounting Policies (continued)

(c) Production sharing contracts (continued)

- (iii) MIE's share of any liabilities incurred jointly with the other PSC partners in relation to the joint production;
- (iv) any income from the sale or use of MIE's share of the output of the production, together with its share of any expenses incurred in the production; and
- (v) any expenses that MIE has incurred in respect of its interest in the production.

Pursuant to the three PSCs with PetroChina, the annual gross production of the crude oil shall, after payment for value added tax and royalty, be firstly deemed as the cost recovery oil and shall be used for cost recovery in the following sequence:

- Payment in kind for the operating costs actually incurred by MIE and GOC (collectively "the foreign partners") and PetroChina.
- The remainder of the cost recovery oil shall, after payment for the operating costs, be deemed as investment recovery oil. Such investment recovery oil shall be used for the simultaneous recovery of the pilot test costs and the development costs incurred by foreign partners and the predevelopment costs spent by PetroChina in proportion of 20% by PetroChina and 80% by foreign partners. The unrecovered costs of the parties shall be carried forward to and recovered from the investment recovery oil in succeeding calendar years until being fully recovered.
- After all pilot test costs and development costs incurred up to that time have been recovered, the remainder of the gross production of crude oil for that period is referred to as profit oil and shall be allocated in proportion of PetroChina 52% and foreign partners 48%.

2 主要會計政策概要(續)

(c) 產品分成合同(續)

- (iii) 就共同生產而與其他產品分成合同參與者共同產生的任何負債內MIE的份額；
- (iv) 來自銷售或使用產品內MIE份額的收入，及其攤佔生產所產生的任何開支；及
- (v) MIE就產品權益所產生的任何開支。

根據與中石油的三份產品分成合同，原油的年度總產量在支付增值稅及礦區使用費後，將首先被視為費用回收油，並將按如下步驟用於費用回收：

- 就MIE及澳大利亞環球石油(統稱「外國夥伴」)及中石油實際產生的操作費作出實物付款。
- 費用回收油的剩餘部分在支付操作費後，將被視為投資回收油。該投資回收油將被用於按中石油分佔20%及外國夥伴分佔80%的比例，同步回收外國夥伴所產生的先導試驗期成本、開發費用及中石油所支付的前期開發費用。訂約方未回收的成本則被結轉至隨後日曆年的投資回收油，並於其中回收，直至全數回收為止。
- 於任何日曆年，在當期先導試驗期成本及開發費用回收後，該期間原油的總產量的剩餘部分將作為利潤分成油並且按中石油分佔52%及外國夥伴分佔48%的比例進行分配。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

2 Summary of Significant Accounting Policies (continued)

(c) Production sharing contracts (continued)

- The operating costs so incurred after the date of commencement of commercial production shall be paid respectively by PetroChina and foreign partners in accordance with the proportion of oil allocated to each party.

GOC is entitled to a 10% share of the foreign participating interest in property, plant and equipment, income and expenses. The Group received income and paid expenses on behalf of GOC. These are recorded in the relevant accounts with GOC (Note 29).

(d) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is United States Dollar ("US\$"). The presentation currency of the consolidated financial statements is the RMB.

(ii) *Transactions and balances of each entity*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of comprehensive income.

2 主要會計政策概要(續)

(c) 產品分成合同(續)

- 開始商業生產後所產生的操作費將分別由中石油及外國夥伴按石油分配的比例予以支付。

澳大利亞環球石油有權分佔物業、廠房及設備、收入及開支中10%的外國參與權益。貴集團代表澳大利亞環球石油收取收入，並支付開支。此等款項已記錄於澳大利亞環球石油有關帳目內(附註29)。

(d) 外幣換算

(i) 功能及呈列貨幣

本集團各實體財務數據內的項目乃採用該實體經營所在地主要經濟環境的貨幣(「功能貨幣」)進行計量。本公司的功能貨幣為美元。合併財務報告的呈列貨幣為人民幣。

(ii) 各實體的交易及結餘

外幣交易乃按交易日期普遍的匯率換算為功能貨幣。結算此等交易及按年末匯率換算以外幣計值的貨幣資產及負債所導致的外匯收益及虧損，乃記錄於合併收益表內。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

2 Summary of Significant Accounting Policies (continued)

(d) Foreign currency translation (continued)

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statements of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

(e) Property, plant and equipment

Property, plant and equipment, including oil and gas properties, is stated at historical cost less accumulated depreciation, depletion, amortization and impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

2 主要會計政策概要(續)

(d) 外幣換算(續)

(iii) 集團公司

本集團所有實體如持有與呈報貨幣不一致之功能貨幣(其中並無任何公司持有通脹嚴重之經濟體系之貨幣),其業績和財務狀況均按以下方法兌換為呈報貨幣:

- 每期資產負債表之資產及負債均按照該資產負債表日之收市匯率折算為呈報貨幣;
- 每期全面收益表之收入及支出均按照平均匯率折算為呈報貨幣,但若此平均匯率未能合理地反映各交易日之匯率所帶來之累積影響,則按照交易日之匯率折算此等收入和支出;及
- 所有匯兌差異均確認為權益之分項。

在編製合併帳目時,折算海外業務投資淨額及借款之匯兌差異,均列入其他綜合收益內。當出售或部分處置一項海外業務時,記錄於權益賬戶的匯兌差異則於合併收益表內確認為出售收益或虧損之一部分。

(e) 物業、廠房及設備

物業、廠房及設備(包括油氣資產)乃按歷史成本減累計折舊、耗損、攤銷及減值呈列。歷史成本包括取得有關資產直接相關的支出。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

2 Summary of Significant Accounting Policies (continued)

(e) Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the reporting year in which they are incurred.

Except for oil and gas properties, depreciation is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Office equipment	3 years
Motor vehicles and production equipment	10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction in progress is not depreciated until it is ready for its intended use.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognized within other income or other expense in the consolidated statements of comprehensive income.

2 主要會計政策概要(續)

(e) 物業、廠房及設備(續)

當本集團可能獲得與項目有關的未來經濟利益，且項目成本能可靠計量時，隨後產生的成本方計入資產的面值，或確認為單獨資產(如適用)。任何被取代部分的面值則不再確認。所有其他維修及維護乃計入其產生的呈報年度的合併全面收益表內。

除油氣資產外，折舊乃採用直線法分攤其估計可用年限的成本減剩餘價值，詳情如下：

辦公室設備	三年
汽車及生產設備	十年

資產的剩餘價值及可用年限乃於各呈報期末進行審閱及調整(如適用)。倘資產面值高於其估計可回收金額，則資產面值隨即撇減至其可回收金額。

在建工程在達到預定可使用狀態後，方進行折舊。

處置收益及虧損乃通過比較所得款項與面值予以釐定，並於合併全面收益表內確認為其他收入或開支。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

2 Summary of Significant Accounting Policies (continued)

(f) Oil and gas properties

The successful efforts method of accounting is used for oil and gas exploration and production activities. Under this method, all costs for development wells, support equipment and facilities, and proved mineral interests in oil and gas properties are capitalized. Geological and geophysical costs are expensed when incurred. Costs of exploratory wells are capitalized as construction in progress pending determination of whether the wells find proved oil and gas reserves. Proved oil and gas reserves are the estimated quantities of crude oil and natural gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Prices include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions.

Exploratory wells in areas not requiring major capital expenditures are evaluated for economic viability within one year of completion of drilling. The related well costs are expensed as dry holes if it is determined that such economic viability is not attained. Otherwise, the related well costs are reclassified to oil and gas properties and subject to impairment review. For exploratory wells that are found to have economically viable reserves in areas where major capital expenditure will be required before production can commence, the related well costs remain capitalized only if additional drilling is under way or firmly planned. Otherwise the related well costs are expensed as dry holes. The Group does not have any costs of unproved properties capitalized in oil and gas properties.

The cost of oil and gas properties is amortized at the field level based on the unit of production method. Unit of production rates are based on oil and gas proved developed producing reserves estimated to be recoverable from existing facilities based on the current terms of the respective production agreements. The Group's reserves estimates represent crude oil which management believes can be reasonably produced within the current terms of their production agreements.

2 主要會計政策概要(續)

(f) 油氣資產

油氣勘探與生產活動採用成效會計法處理。根據此方法，開發井、配套設施設備以及油氣資產中的探明礦產權益的所有成本均予以資本化。地質及地球物理成本乃於產生時費用化。勘探井的成本乃根據該等井是否發現探明油氣儲量而決定是否作為在建工程予以資本化。探明油氣儲量為在現有經濟及作業條件(即於估算日的價格及成本)下，地質及工程數據表明於未來年度可合理肯定從已知油藏開採出原油及天然氣的估算量。價格包括僅按合同安排規定的現有價格變化的考慮，而並非根據未來條件調高價格。

於無需投入大量資本支出的地域的勘探井乃於完成鑽探的一年期內按經濟可行性予以評估。倘若釐定該等油氣井並不存在經濟可行性，則相關井乃作為幹井支出。否則，相關油氣井成本乃重新分類至油氣資產，並進行減值審閱。至於在可開始投產前將需投入大量資本支出的地域發現具有經濟可行儲量的勘探井，相關油氣井成本僅當正在進行或已正式計劃額外鑽探時仍維持資本化。否則，相關油氣井成本乃作為幹井支出。本集團於油氣資產中已資本化未探明資產中並無任何成本。

油氣資產的成本乃以油田為單位按單位產量法予以攤銷。單位產量乃根據各自生產協議的現有期限，按油氣探明已開發產油儲備在現有設施中的估計可採量計算。本集團的儲量估計僅為管理層認為可於此等生產協議現有期限內合理開採的原油。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

2 Summary of Significant Accounting Policies (continued)

(g) Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Intangible assets

Intangible assets represent computer software. Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of 3 years.

(i) Loans and receivables

The Group's loans and receivables comprise 'trade and other receivables' in the consolidated statements of financial position.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for expected realization greater than 12 months after the end of the reporting period. These are classified as non-current assets.

2 主要會計政策概要(續)

(g) 非金融資產減值

須予攤銷的資產會於發生事項或情況出現變化而顯示面值未必能夠收回時，評估有否減值。減值虧損按有關資產的面值超逾其可收回金額的數額確認。可收回金額為資產的公允價值減銷售成本與使用價值兩者的較高者。於進行減值評估時，資產按可獨立識別現金流量的最小單位(現金產生單位)分類。出現減值的非金融資產(商譽除外)於各呈報日期檢討是否可能進行減值撥回。

(h) 無形資產

無形資產指計算機軟件。所獲得的計算機軟件許可證已按獲得及使用有關軟件所產生的成本為基準撥充資本。該等成本乃按其估計可使用年期三年攤銷。

(i) 貸款及應收款項

本集團的貸款及應收款項包括合併財務狀況表內的「應收及其他應收款項」。

貸款及應收款項為於活躍市場並無報價的固定或可予釐定付款的非衍生金融資產，於流動資產入帳，惟估計變現超逾報告期末後12個月者除外。此等貸款及應收款項被列為非流動資產。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

2 Summary of Significant Accounting Policies (continued)

(j) Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

For derivative instruments that do not qualify for hedge accounting, changes in the fair value of these derivative instruments are recognized immediately in the consolidated statements of comprehensive income.

(k) Leases

Leases where the Group is a lessee in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statements of comprehensive income on a straight-line basis over the term of the lease.

(l) Inventories

Inventories are crude oil and materials and supplies which are stated at the lower of cost and net realizable value. Materials and supplies costs are determined by the first-in first-out method. Crude oil costs are determined by the weighted average cost method. The cost of crude oil comprise direct labour, depreciation, other direct costs and related production overhead, but excludes borrowing costs.

2 主要會計政策概要(續)

(j) 衍生金融工具

衍生金融工具最初於訂立衍生合同之日按公允價值確認，隨後按其公允價值重新計量。確認產生收益或虧損的方法視乎衍生工具是否被指定為對沖工具及(如確實如此)對沖項目的性質而定。

就不符合對沖會計條件的衍生工具而言，該等衍生工具公允價值的變動隨即在合併收益表內確認。

(k) 租約

本集團作為承租人且所有權絕大部分風險及回報仍歸出租人所有的租約，均歸類為經營租約。經營租約下作出的付款(扣減出租人給出的任何獎勵)乃於租約期以直線法在合併收益表內扣除。

(l) 存貨

存貨為按成本及可變現淨值間較低者列賬的原油、物料及供應品。物料及供應品成本乃按先進先出法釐定。原油成本乃按加權平均成本法釐定。原油成本包括直接勞工、減值、其他直接成本及有關生產費用，惟不包括借款成本。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

2 Summary of Significant Accounting Policies (continued)

(m) Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The factors the Group considers when assessing whether a trade receivable is impaired include, but are not limited to significant financial difficulties of the customer, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statements of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against expenses in the consolidated statements of comprehensive income.

(n) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks with original maturities of three months or less from the time of purchase.

(o) Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity.

2 主要會計政策概要(續)

(m) 應收及其他應收款項

應收及其他應收款項最初以公允價值確認，隨後採用實際利息法攤銷成本，扣除減值撥備計量。如有客觀證據顯示本集團無法按應收款項的原有條款回收全部金額，則會對應收款項作出減值撥備。本公司考慮評估應收款項是否出現減值的因素包括(但不限於)客戶的重大財務困境、債務人可能宣告破產或進行財務重組，以及欠付或拖欠付款。撥備金額為資產的面值與預期日後現金流量的現值(按原先實際利率貼現)間的差額。

資產面值於使用撥備賬時減少，且損失金額於合併收益表內確認。倘應收款項無法回收，則其乃於應收款項的撥備賬內撤銷。先前撤銷的金額如隨後予以回收，則抵免合併收益表內的開支。

(n) 現金及現金等價物

現金及現金等價物包括手頭現金，以及按原到期日為三個月或以內(自獲得時起計)而持有的銀行通知存款。

(o) 當期及遞延所得稅

年內稅項開支包括當期及遞延稅項。稅項於合併收益表內確認，惟其與直接於權益內確認的項目有關則除外。於此情況下，稅項亦於權益內確認。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

2 Summary of Significant Accounting Policies (continued)

(o) Current and deferred income tax (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the territories where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2 主要會計政策概要(續)

(o) 當期及遞延所得稅(續)

當期所得稅費用按本公司及其附屬公司經營及產生應課稅收入的地區於報告期末已頒佈或實質上已頒佈的稅法計算。管理層就須對適用稅務法規作出詮釋的情況，定期評估報稅的狀況，並在適用時按預期須向稅務機關繳納的款項作出撥備。

遞延所得稅採用資產負債表負債法，以資產及負債的稅基與其於合併財務報告內的面值之間的暫時性差額確認。然而，如遞延所得稅在業務合併以外的交易中初步確認為資產或負債，且在交易時並不影響會計或應課稅損益，則不會入帳處理。遞延所得稅按於報告期末已頒佈或實質上已頒佈的稅率(及法律)計算，並預期於有關遞延所得稅資產變現或遞延所得稅負債清償時適用。

倘日後應課稅溢利可用於抵扣暫時性差額，方確認遞延所得稅資產。遞延所得稅以於附屬公司投資的暫時性差額作出撥備，惟本集團可控制撥回暫時性差額的時間，且暫時性差額可能不會於可預見的未來撥回則除外。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

2 Summary of Significant Accounting Policies (continued)

(p) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. In subsequent years, borrowings are stated at amortized cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income over the year of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has unconditional rights to defer settlements of the liabilities for at least 12 months after the end of the reporting period.

Borrowing costs are recognized as an expense in the year in which they are incurred except for the portion eligible for capitalization as part of qualifying property, plant and equipment.

(q) Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(r) Provisions

Provisions are recognized when the Group has present legal or constructive obligations as a result of past events, it is probable that an outflow of resources will be required to settle the obligations, and reliable estimates of the amounts can be made.

Provision for future decommissioning and restoration is recognized in full on the installation of oil and gas properties. The amount recognized is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding addition to the related oil and gas properties of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the costs of the oil and gas properties. Any change in the present value of the estimated expenditure other than due to passage of time, which is regarded as interest expense, is reflected as an adjustment to the provision and oil and gas properties.

2 主要會計政策概要(續)

(p) 借款

借款最初按公允價值扣減所產生的交易成本確認。於隨後年度，借款採用實際收益法按攤銷成本呈列。所得款項(扣除交易成本)與贖回價值間的任何差額採用實際利息法按借款年限於合併收益表內確認。借款被分類為流動負債，除非本集團有權於報告期末後無條件延遲清償負債至少十二個月則另作別論。

借款成本於其產生年度確認為開支，惟符合作為合資格物業、廠房及設備部分予以資本化的份額則除外。

(q) 應付款項

應付款項最初按公允價值確認，隨後採用實際利息法以攤銷成本計量。

(r) 撥備

當本集團因過往事件面臨當前法律或推定義務，且可能須流出資源以清償義務，而金額能可靠估計時，則會確認撥備。

有關未來停止運作及復原的撥備於設置油氣資產形成時全額確認。確認金額為根據當地條件及要求確定的預計未來支出的現值。同時產生與撥備數額相等的有關油氣資產的相應增加部分。該增加部分隨後作為油氣資產成本的一部分進行折舊。除由於時間推移而視作利息開支外，預期支出現值的任何變化均應反映為撥備及油氣資產的調整。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

2 Summary of Significant Accounting Policies (continued)

(s) Employee benefits

(i) Defined contribution plan

The Group has various defined contribution plans for state pensions, housing fund and other social obligations in accordance with the local conditions and practices in the municipalities and province in which they operate. A defined contribution plan is a pension and/or other social benefits plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expenses when they are due.

(ii) Equity-settled share-based compensation – Stock options

The Group operates a stock incentive compensation plan for share-based payment transactions, such as stock options under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options on the grant date. The total amount expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and other reserves when the options are exercised.

2 主要會計政策概要(續)

(s) 僱員福利

(i) 定額供款計劃

本集團根據所在省、市的地方條件及慣例實行若干的定額供款計劃，包括國家養老金、住房公積金及其他社會義務。一項定額供款計劃是本集團為其僱員向一個獨立實體(一項基金)支付固定金額的養老金及/或其他社會福利計劃，如該基金不能擁有足夠資產以支付與當期及過往期間僱員服務相關的所有僱員福利，本集團不再負有進一步支付供款的法定義務或推定義務。供款支付時確認為僱員福利開支。

(ii) 以股權結算的股份酬金 – 購股權

本集團為股份支付交易設有一項股份獎勵酬金計劃，如實體收取僱員所提供的服務，作為換取本集團股權工具(期權)對價的購股權。換取購股權所收取僱員服務的公允價值作為開支確認。將予支出的總額乃參照購股權於授出日期的公允價值釐定。支出的總額於歸屬期內確認，歸屬期為全部歸屬條件均獲滿足的期間。

購股權獲行使時，所收取的款項(扣除直接應佔交易成本)計入股本(面值)及其他儲備。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

2 Summary of Significant Accounting Policies (continued)

(s) Employee benefits (continued)

(iii) *Cash-settled share-based compensation – Stock appreciation rights*

Compensation under the stock appreciation rights is measured based on the fair value of the liability incurred and its expenses over the vesting period. The liability is remeasured at each reporting period to its fair value until settlement with all the changes in liability recorded in employee compensation costs in the consolidated statement of comprehensive income, the related liability is included in the salaries and welfare payable.

(t) Revenue recognition

Revenues are recognized upon delivery of crude oil that are allocated to MIE under PSC (See Note 2(c)). Revenues are recognized only when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods in the ordinary course of the Group's activities, and where the amount of revenue and the costs incurred or to be incurred in respect of the transactions can be measured reliably and probable economic benefit will flow to the Company.

According to general oil and gas practice, the physical nature of the taking (lifting) oil is such that a partner may take more oil than it is entitled to as defined by the contract (PSC). For the year ended December 31, 2009 and 2010, PetroChina had taken more oil than its entitlement (over lifted) and hence MIE is deemed to have sold the over lift to PetroChina.

(u) Repairs and maintenance

Repairs and maintenance are recognized as expenses in the year in which they are incurred.

2 主要會計政策概要(續)

(s) 僱員福利(續)

(iii) 以現金結算的股份酬金—股份增值權

股份增值權的酬金以歸屬期所產生負債的公允價值及其開支計量。負債在清償之前，於各報告期重新計量至公允價值，而其變動則記錄於合併全面收益表內員工薪酬成本項下；有關負債計入應付薪金及福利。

(t) 收益確認

交付產品分成合同(見附註2(c))下分配予MIE的原油時，會確認收益。當本集團於其一般業務活動中將商品所有權的重大風險及回報轉讓予買方，且有關交易已產生或將產生的收益及虧損的金額能可靠計量，而本公司可能獲得經濟利益時，方會確認收益。

根據一般油氣慣例，進油(採油)的實質為夥伴可進較合同(產品分成合同)所授權更多的石油。就若干報告期間而言，由於石油交付與分配間的時間差開，中石油已進多於其權利的石油(超採)，因此，MIE被視為將超採的石油售予中石油。

(u) 維修及維護

維修及維護於發生年度作為開支確認。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

2 Summary of Significant Accounting Policies (continued)

(v) Share capital

Ordinary shares are classified as equity.

Preferred shares issued by the Company are classified as equity when they are not redeemable by the Company and there is no obligation outside the control of the Company to pay dividends.

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) Dividend distributions

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

(x) Earnings per share

Basic earnings per share is determined by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of participating shares outstanding during the reporting year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and adjusting the profit or loss attributable to equity holders of the Company accordingly for related amounts. The effect of potentially dilutive ordinary shares are included only if they are dilutive.

2 主要會計政策概要(續)

(v) 股本

普通股分類為權益。

當本公司發行的優先股不可被贖回，且並無本公司不可控制須支付股息的義務時，該等優先股被分類為權益。

發行新股或期權直接應佔的增加成本於權益內列作應收款項的扣減(除稅)。

(w) 股息分派

分派予本公司股東的股息於本公司股東同意宣派股息的期間在本集團的財務報表內確認為負債。

(x) 每股盈利

每股基本盈利按本公司股權持有人應佔溢利或虧損除以報告年度發行在外參與股份的加權平均數釐定。

每股攤薄盈利乃經調整發行在外普通股的加權平均數，以假設所有可攤薄潛在普通股獲轉換，並就有關金額相應調整本公司股權持有人應佔溢利或虧損而計算得出。倘潛在可攤薄普通股為可攤薄，方會計入其影響。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

2 Summary of Significant Accounting Policies (continued)

(y) Segment reporting

The Group operates as a single operating segment. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

3 Financial Risk Management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

All of the Group's sales are in US dollars, while production and other expenses are incurred in RMB. The RMB is not a freely convertible currency and is regulated by the PRC government. Limitation in foreign exchange transactions imposed by the PRC government could cause future exchange rates to vary significantly from current or historical exchange rates. Management is not in a position to anticipate changes in the PRC foreign exchange regulations and as such is unable to reasonably anticipate the impacts on the Group's results of operations or financial position arising from future changes in exchange rates. The Group may enter into forward foreign exchange contracts to manage the risk of unfavourable fluctuations in the foreign exchange rate.

2 主要會計政策概要(續)

(y) 分部報告

本集團作為單一經營分部進行營運。經營分部按與主要經營決策者呈報的內部報告一致的方式予以報告。主要經營決策者認為董事會，負責分配資源及評估經營分部表現。

3 財務風險管理

3.1 財務風險因素

本集團的活動面臨多種財務風險，包括市場風險、信貸風險及流動資金風險。

(a) 市場風險

(i) 外匯風險

本集團的全部銷售以美元計值，而生產及其他開支則以人民幣入帳。人民幣並非為自由轉換貨幣，須受中國政府規管。中國政府對外匯交易所設定的限制可能導致未來匯率與當前或歷史匯率大不相同。管理層並未預測中國外匯規管的重大變更，故無法合理估計未來匯率變動對本集團經營業績或財務狀況的影響。本集團可訂立外匯遠期合同以管理外匯匯率不利波動的風險。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

3 Financial Risk Management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

At December 31, 2009 and 2010, if the US dollar had weakened/strengthened by 1% against the RMB with all other variables held constant, profit before income tax for the year would have been RMB9,152,000 and RMB9,660,000 higher/lower respectively, mainly as a result of foreign exchange gains/losses on translation of US-denominated trade and other receivables, bank deposits and borrowings.

(ii) Cash flow interest rate risk

The Group has no significant interest bearing cash assets. The Group's income and operating cash flows are substantially independent of the changes in market rates. The Group's interest rates risk arises from borrowings. A detailed analysis of the Group's borrowings, together with their respective effective interest rates and maturity dates, are included in Note 19.

Based on a sensitivity analysis, the impact on profit before income tax for the year ended December 31, 2009 and 2010 of a 50 basis-point shift would be an increase of RMB6,727,000 and RMB6,622,700, respectively or decrease of RMB6,727,000 and RMB6,622,700, respectively.

3 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(i) 外匯風險(續)

於二零零九年及二零一零年十二月三十一日，倘美元兌人民幣貶值／升值1%，而其他變量為恒定數值，則本公司於此等年度的除所得稅前溢利將分別增加／減少人民幣9,152,000元及人民幣9,660,000元，主要由於換算以美元計值的應收及其他應收款項、銀行存款及借款產生外匯收益／虧損所致。

(ii) 現金流量利率風險

本集團並無重大計息資產。本集團的收入及經營現金流量大致上獨立於市場利率的變動。本集團的利率風險來自於借款。有關本集團借款的詳細分析連同其各自實際利率及到期日，載於附註19。

基於敏感度分析，截至二零零九年及二零一零年十二月三十一日止年度，50個基點的利率變動將導致除所得稅前溢利分別增加人民幣6,727,000元及人民幣6,622,700元，或減少人民幣6,727,000元及人民幣6,622,700元。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

3 Financial Risk Management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Price risk

The Group is engaged in crude oil development, production and selling activities. Prices of crude oil are affected by both domestic and global factors which are beyond the control of the Group. The fluctuations in such prices may have favourable or unfavourable impacts to the Group. Prior to 2008, the Group did not use any derivative instruments to hedge against potential price fluctuations of crude oil and therefore the Group was exposed to general price fluctuations of crude oil. During the year ended December 31, 2009 and 2010, the Group entered into put option contracts (Note 8) to manage its price risk. If the crude oil price were to increase or decrease by US\$1, the impact on the Group's profit before income tax for the year ended December 31, 2010 as a result of revaluing the put option would be a decrease of RMB1,566,000 and increase of RMB1,652,000 (2009: decrease of RMB2,462,000 or decrease of RMB1,803,000), respectively.

3 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(iii) 價格風險

本集團從事原油開發、生產及銷售。原油價格受本集團無法控制的諸多國內國際因素影響。上述價格波動可能對本集團構成有利或不利影響。於二零零八年以前，本集團並未採用任何衍生工具以對沖潛在的原油價格波動，因此，本集團面臨原油總體價格波動風險。於截至二零零九年及二零一零年十二月三十一日止年度，本集團訂立認沽期權合同(附註8)以管理其價格風險。倘原油價格上升或下降1美元，將致使本集團於截至二零一零年十二月三十一日止年度的除所得稅前溢利因重新估值認沽期權而分別減少人民幣1,566,000元或增加人民幣1,652,000元(二零零九年：減少人民幣2,462,000元或減少人民幣1,803,000元)。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

3 Financial Risk Management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

As the majority of the cash at bank balance is placed with state-owned banks and financial institutions, the corresponding credit risk is relatively low. Therefore, credit risk arises primarily from trade and other receivables. The Group has controls in place to assess the credit quality of its customers. The carrying amounts of cash and cash equivalents, pledged deposits, amounts due from a related party and trade and other receivables included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk.

The Group has no significant concentration of credit risk for its cash and cash equivalents. The Group has one customer which accounts for 100% of its revenue and as such, has concentration of credit risk for its trade and other receivables. However, the Group regards it as low risk as this customer is PetroChina, a state-owned enterprise with a high credit rating.

(c) Liquidity risk

The Group's liquidity risk management involves maintaining sufficient cash and cash equivalents and availability of funding through an adequate amount of committed credit facilities.

The table below analyses the Group's financial liabilities and net-settled derivative financial assets and liabilities into relevant maturity groupings based on the remaining year at the end of the reporting period to their contractual maturity dates.

The amounts disclosed in the table are the contractual undiscounted cash flows of principal amount and interests.

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險

因大部分銀行現金結餘存放於國有銀行及金融機構，信貸風險故相對較低。因此，應收及其他應收款項成為信貸風險的主要來源。本集團對客戶信用質量的評價進行控制。計入合併財務狀況表的現金及現金等價物、抵押存款、應收關聯方款項及應收及其他應收款項的面值體現本集團所面臨的最大信貸風險。

就其現金及現金等價物而言，本集團並無重大信貸集中風險。本集團的全部收益均來自同一名客戶，因此本集團的應收及其他應收款項存有信貸集中風險。然而，本集團認為此風險較低，皆因該客戶乃具高度信貸評級的國有企業中石油。

(c) 流動資金風險

本集團的流動資金風險管理指維持充足現金及現金等價物及透過充裕的已承諾信貸融資以維持備用資金。

下表乃根據自報告期末起至合同到期日止餘下年度，對本集團金融負債及按淨額基準結算的衍生金融資產及負債按有關到期日分類之分析。

表格所披露的數額乃本金額及利息的未貼現現金流量合同金額。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

3 Financial Risk Management (continued)

3 財務風險管理(續)

3.1 Financial risk factors (continued)

3.1 財務風險因素(續)

(c) Liquidity risk (continued)

(c) 流動資金風險(續)

Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

因貼現影響並不重大，故於一年內到期的結餘與其面值無異。

		Less than 1 year 少於一年 RMB'000 人民幣千元	Between 1 and 2 years 一至兩年 RMB'000 人民幣千元	Between 2 and 5 years 二至五年 RMB'000 人民幣千元	Over 5 years 五年以上 RMB'000 人民幣千元
At December 31, 2009	於二零零九年十二月三十一日				
Borrowings	借款	168,164	61,200	1,350,080	-
Derivative financial instruments – oil put option (Note 8)	衍生金融工具 – 石油認沽期權 (附註8)	(20,307)	-	-	-
Trade and other payables (Note 18)	應付及其他應付款項(附註18)	788,352	170,235	-	-
At December 31, 2010	於二零一零年十二月三十一日				
Borrowings	借款	158,575	583,844	727,196	-
Derivative financial instruments – oil put option (Note 8)	衍生金融工具 – 石油認沽期權 (附註8)	(11,168)	(20,285)	-	-
Trade and other payables (Note 18)	應付及其他應付款項(附註18)	718,729	137,598	-	-

3.2 Capital risk management

3.2 資本風險管理

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

就管理資本而言，本集團旨在維持其持續經營的能力，以回報股東，並為其他利益相關者謀取福利，同時亦維持資本架構最優化以減少資本成本。

The Group monitors capital on the basis of Debt over EBITDA. Debt is calculated as total borrowings including 'current and non-current borrowings' as shown in the consolidated statement of financial position. EBITDA is calculated as profit before finance income, finance cost, income tax and depreciation, depletion and amortization.

本集團以債務對息稅前營運盈利 (EBITDA) 比率為基準監控其資本。債務等於借款總額(包括合併財務狀況表所列示的「即期及非即期借款」)。EBITDA 等於除財務收入、財務費用、所得稅、折舊、耗損及攤銷前的溢利。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

3 Financial Risk Management (continued)

3.2 Capital risk management (continued)

The Debt over EBITDA ratios at December 31, 2009 and 2010 were as follows:

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Total borrowings (Note 19)	借款總額(附註19)	1,291,203	1,345,386
Profit before income tax	除所得稅前溢利	582,569	183,939
Finance income	財務收入	(35,344)	(1,552)
Finance cost	財務費用	86,788	58,832
Depreciation, depletion and amortization	折舊、耗損及攤銷	528,582	445,824
EBITDA	EBITDA	1,162,595	687,043
Debt over EBITDA ratio	債務總額與EBITDA的比率	1.1	2.0

於二零零九年及二零一零年十二月三十一日的債務總額與EBITDA的比率列載如下：

3.3 Fair value estimation

The methods and assumptions applied in determining the fair value of each class of financial assets and financial liabilities of the Group are disclosed in the respective accounting policies. The carrying amounts of the following financial assets and financial liabilities approximate their fair value as all of them are short-term in nature: cash and cash equivalents, pledged deposits, current portion of trade and other receivables, current portion of trade and other payables and current portion of borrowings.

The Group adopted the amendment to IFRS 7 which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (ie. derived from prices) (Level 2); and

3.3 公允價值估計

用於釐定本集團各類金融資產及金融負債公允價值的方法及假設披露於相關會計政策。下列金融資產及金融負債的面值與其公允價值相若，因彼等均屬短期性質：現金及現金等價物、抵押存款、應收及其他應收款項即期部分、應付及其他應付款項即期部分及借款即期部分。

本集團採納國際財務報告準則第7號之修訂本，此修訂本規定公允價值計量須按下列公允價值計量架構級別予以披露：

- 相同資產或負債在活躍市場的報價(未經調整)(第一級)；
- 就所釐定的資產或負債而言，輸入變量可直接(作為價格)或者間接(衍生自價格)觀察(第二級)，惟第一級所包含的報價除外；及

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

3 Financial Risk Management (continued)

3.3 Fair value estimation (continued)

- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the assets and liabilities measured at fair value at December 31, 2009 and 2010:

		Level 1 第一級 RMB'000 人民幣千元	Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元
Assets	資產			
As at December 31, 2009	於二零零九年 十二月三十一日			
Derivative financial instruments	衍生金融工具			
– Oil put option	– 石油認沽期權	–	20,307	–
As at December 31, 2010	於二零一零年 十二月三十一日			
Derivative financial instruments	衍生金融工具			
– Oil put option	– 石油認沽期權	–	31,453	–

4 Critical Accounting Estimates and Judgements

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3 財務風險管理(續)

3.3 公允價值估計(續)

- (c) 就所釐定的資產或負債而言，輸入變量並非根據可觀察的市場數據(即不可觀察的輸入變量)(第三級)。

下表呈列於二零零九年及二零一零年十二月三十一日以公允價值計量的資產及負債：

		Level 1 第一級 RMB'000 人民幣千元	Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元
Assets	資產			
As at December 31, 2009	於二零零九年 十二月三十一日			
Derivative financial instruments	衍生金融工具			
– Oil put option	– 石油認沽期權	–	20,307	–
As at December 31, 2010	於二零一零年 十二月三十一日			
Derivative financial instruments	衍生金融工具			
– Oil put option	– 石油認沽期權	–	31,453	–

4 主要會計估計及判斷

有關估計及判斷定期得以評價，並以過往經驗及其他因素為基準，包括對相信於有關情況下屬合理的未來事項的預期。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

4 Critical Accounting Estimates and Judgements (continued)

The matters described below are considered to be the most critical in understanding the estimates and judgements that are involved in preparing the Group's consolidated financial statements.

(a) Estimation of proved oil reserves

Proved reserves are those quantities of petroleum that by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. Economic conditions include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions. Proved developed producing reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate. Proved undeveloped reserves are quantities expected to be recovered through future investments: from new wells on undrilled acreage in known accumulations, from extending existing wells to a different (but known) reservoir, or from infill wells that will increase recovery.

The Group's reserve estimates were prepared for each oilfield and include only crude oil that the Group believes can be reasonably produced within current economic and operating conditions.

Proved reserves cannot be measured exactly. Reserve estimates are based on many factors related to reservoir performance that require evaluation by the engineers interpreting the available data, as well as price and other economic factors. The reliability of these estimates at any point in time depends on both the quality and quantity of the technical and economic data, and the production performance of the reservoirs as well as engineering judgement. Consequently, reserve estimates are subject to revision as additional data become available during the producing life of a reservoir. When a commercial reservoir is discovered, proved reserves are initially determined based on limited data from the first well or wells. Subsequent data may better define the extent of the reservoir and additional production performance. Well tests and engineering studies will likely improve the reliability of the reserve estimate. The evolution of technology may also result in the application of improved recovery techniques such as supplemental or enhanced recovery projects, or both, which have the potential to increase reserves beyond those envisioned during the early years of a reservoir's producing life.

4 主要會計估計及判斷(續)

下文所述事項就理解編製本集團合併財務報表所涉估計及判斷而言，尤為重要。

(a) 已探明石油儲量的估計

已探明儲量為透過分析地球科學及工程數據，於明確的經濟條件、操作方法及政府法規下，從特定未來日期起自己知油藏以合理確信估計可商業開採回收的石油數量。經濟條件包括考慮僅由合同安排規定的現有價格變動，惟日後條件引致的增長除外。探明已開發產油儲量為預期將從完井層段開採的儲量，而該完井層段在作出估計時處於開放及產油狀態。探明未開發儲量為通過未來投資預期採出的油氣數量，包括開採已知油藏的未鑽區域的新井，延伸現有井至不同(但為已知)的油藏，或通過加密井提高採收率。

本集團的儲量估計乃就各油田而編製，僅包括本集團認為可於現時經濟及操作條件下合理生產的原油。

已探明儲量無法予以精確計量。儲量估計乃基於有關油藏動態的眾多因素(需要工程師詮釋所獲得數據的評估)以及價格及其他經濟因素。在任何方面該等估計的可靠性視乎技術及經濟數據的質量及數量、油藏的產量動態及工程判斷而定。因此，於油藏的生產週期內，如有額外數據時，儲量估計可予以修訂。於發現商業油藏時，已探明儲量首先乃根據首個或首批油井的有限數據而釐定。其後數據或可更好地確定油藏的範圍及額外產量動態，而油井試驗及工程研究將可能提升儲量估計的可靠性。技術的發展亦可導致應用經改善的採油技術，例如補充或經提升採油項目，或兩者，該等項目有潛力使儲量增至超逾於油藏生產週期初期數年內所預想者。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

4 Critical Accounting Estimates and Judgements (continued)

(a) Estimation of proved oil reserves (continued)

Proved reserves are key elements in the Group's investment decision-making process. They are also an important element in testing for impairment. The Group classified its proved reserves into two categories: proved developed producing reserves and proved undeveloped reserves. proved developed producing reserves are used for the calculation of unit-of-production depreciation, depletion and amortization recorded in the Group's consolidated financial statements for property, plant and equipment related to oil and gas production activities. A reduction in proved developed producing reserves will increase depreciation, depletion and amortization charges (assuming constant production) and reduce net profit and vice-versa. Proved reserve estimates are subject to revision, either upward or downward based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

In general, changes in the technical maturity of oil reserves resulting from new information becoming available from development and production activities and change in oil price have tended to be the most significant cause of annual revisions.

(b) Estimated impairment of property, plant and equipment

Property, plant and equipment, including oil and gas properties, are reviewed for possible impairments when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involve management estimates and judgements such as future prices of crude oil and production profile. However, the impairment reviews and calculations are based on assumptions that are consistent with the Group's business plans. Favourable changes to some assumptions may allow the Group to avoid the need to impair any assets in these years, whereas unfavourable changes may cause the assets to become impaired.

4 主要會計估計及判斷(續)

(a) 已探明石油儲量的估計(續)

已探明儲量乃本集團投資決策過程中的關鍵元素，其亦為減值測試的重要元素。本集團將其已探明儲量分為兩類：探明已開發產油儲量及探明未開發儲量。探明已開發產油儲量用於計算本集團合併財務報表所載有關油氣生產活動的物業、廠房及設備基於產量法的折舊、耗損及攤銷。探明已開發產油儲量減少將增加折舊、耗損及攤銷費用(假設產量不變)，並減少淨溢利，反之亦然。已探明儲量估計可根據新資料(例如來自開發鑽探及生產活動或來自產品價格、合同條款或開發計劃等經濟因素變動)予以向上或向下修訂。

一般而言，自開發及生產活動取得新數據而導致石油儲量技術成熟度變動以及油價變動已傾向成為年度修訂的最重要起因。

(b) 物業、廠房及設備估計減值

倘存有任何事項或情況變動顯示面值可能無法收回，則會就物業、廠房及設備(包括油氣資產)是否可能減值予以檢討。釐定一項資產是否減值及減值的幅度涉及管理層估計及判斷，例如日後原油價格及生產狀況。然而，減值的檢討及計算乃基於與本集團業務計劃相一致的假設。若干假設的有利變動或可令本集團於相關數年無需對任何資產進行減值的需要，而不利變動或會促使資產減值。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

4 Critical Accounting Estimates and Judgements (continued)

(c) Estimation of asset retirement obligations

Provisions are recognized for the future decommissioning and restoration of oil and gas properties that will cease operation prior to the expiration of PSCs. The amounts of the provision recognized are the present values of the estimated future expenditures that the Group is expected to incur. The estimation of the future expenditures is based on current local conditions and requirements, including legal requirements, technology, price level, etc. In addition to these factors, the present values of these estimated future expenditures are also impacted by the estimation of the economic lives of oil and gas properties. Changes in any of these estimates will impact the operating results and the financial position of the Group over the remaining economic lives of the oil and gas properties.

5 Revenue

The Group's revenue relates to the sale of crude oil in one geographical location, China. All revenue is realized through the sale of the Group's share of crude oil to PetroChina pursuant to the PSC.

4 主要會計估計及判斷(續)

(c) 資產棄置義務的估計

撥備乃就在產品分成合同屆滿前終止營運的油氣資產未來的棄用及複用予以確認，確認的撥備金額為本集團預期將產生的估計日後支出的現值。日後支出的估計乃基於現時當地條件及規定，包括法律規定、技術及價格水平等。除該等因素外，該等估計日後支出的現值亦受油氣資產經濟年期估計的影響。任何該等估計變動將影響本集團於油氣資產剩餘經濟年期的經營業績及財務狀況。

5 收益

本集團收益與於單一地理區域，即中國，銷售原油有關。所有收益均透過本集團向中石油銷售其根據產品分成合同所佔原油而予以實現。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

6 Property, Plant and Equipment

6 物業、廠房及設備

		Oil and gas properties	Construction in progress	Office equipment	Motor vehicles and production equipment	Total
		油氣資產 RMB'000 人民幣千元	在建工程 RMB'000 人民幣千元	辦公室設備 RMB'000 人民幣千元	汽車及 生產設備 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At January 1, 2009	於二零零九年一月一日					
Cost	成本	3,512,809	94,246	7,902	18,269	3,633,226
Accumulated depreciation and impairment	累計折舊及減值	(1,140,454)	-	(3,394)	(2,435)	(1,146,283)
Net book value	賬面淨值	2,372,355	94,246	4,508	15,834	2,486,943
Year ended December 31, 2009	截至二零零九年十二月三十一日止年度					
Opening net book value	年初賬面淨值	2,372,355	94,246	4,508	15,834	2,486,943
Addition	添置	1,991	592,981	85	5,567	600,624
Transfer in/(out)	轉入/(出)	539,902	(539,902)	-	-	-
Charge for the year	年內費用	(418,497)	-	(923)	(3,004)	(422,424)
Closing net book value	年末賬面淨值	2,495,751	147,325	3,670	18,397	2,665,143
At December 31, 2009	於二零零九年十二月三十一日					
Cost	成本	4,054,702	147,325	7,987	23,836	4,233,850
Accumulated depreciation and impairment	累計折舊及減值	(1,558,951)	-	(4,317)	(5,439)	(1,568,707)
Net book value	賬面淨值	2,495,751	147,325	3,670	18,397	2,665,143
Year ended December 31, 2010	截至二零一零年十二月三十一日止年度					
Opening net book value	年初賬面淨值	2,495,751	147,325	3,670	18,397	2,665,143
Addition	添置	2,038	878,266	1,108	7,196	888,608
Transfer in/(out)	轉入/(出)	835,415	(835,415)	-	-	-
Charge for the year	年內費用	(525,890)	-	(755)	(2,624)	(529,269)
Closing net book value	年末賬面淨值	2,807,314	190,176	4,023	22,969	3,024,482
At December 31, 2010	於二零一零年十二月三十一日					
Cost	成本	4,892,155	190,176	9,095	31,032	5,122,458
Accumulated depreciation and impairment	累計折舊及減值	(2,084,841)	-	(5,072)	(8,063)	(2,097,976)
Net book value	賬面淨值	2,807,314	190,176	4,023	22,969	3,024,482

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

6 Property, Plant and Equipment (continued)

Included in property, plant and equipment are assets amounting to RMB3,024,326,000 (Cost of RMB5,121,063,000 less accumulated depreciation and impairment of RMB2,096,737,000) as at December 31, 2010 directly used in and operated under the Group's three PSCs with PetroChina.

The additions of oil and gas properties of the Group for the years ended December 31, 2009 and 2010 included RMB1,991,000 and RMB2,038,000 respectively relating to the asset retirement obligations recognized during the year (Note 16).

Depreciation charges of RMB9,540,000 and RMB11,837,000 relating to the years ended December 31, 2009 and 2010 respectively, have been capitalized in inventories (Note 11).

7 Intangible Asset

Intangible asset represents computer software as at December 31, 2009 and 2010 with a net book value of RMB2,599,000 and RMB1,677,000, respectively.

8 Derivative Financial Instruments

6 物業、廠房及設備(續)

於二零一零年十二月三十一日，物業、廠房及設備當中，人民幣3,024,326,000元(成本人民幣5,121,063,000元減累計折舊及減值人民幣2,096,737,000元)的資產乃根據本集團與中石油訂立的三份產品分成合同直接予以使用及操作。

本集團於截至二零零九年及二零一零年十二月三十一日止年度添置的油氣資產中，分別有人民幣1,991,000元及人民幣2,038,000元與年內確認的資產棄置義務有關(附註16)。

截至二零零九年及二零一零年十二月三十一日止年度，金額為人民幣9,540,000元及人民幣11,837,000元的折舊費用已分別於存貨中予以支銷(附註11)。

7 無形資產

於二零零九年及二零一零年十二月三十一日，無形資產分別指賬面淨值為人民幣2,599,000元及人民幣1,677,000元的計算機軟件。

8 衍生金融工具

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Assets	資產		
Oil put option	石油認沽期權	31,453	20,307
Less: non-current portion:	減非即期部分：	(20,285)	-
Current portion	即期部分	11,168	20,307

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

8 Derivative Financial Instruments (continued)

Oil put option

The Group used oil put options purchased from Standard Bank (“Standard Bank Oil Hedge”) to manage its exposure to movements in the price of crude oil for period from January 1, 2008 to December 31, 2010. MIE bought an option, but not the obligation, to notionally sell to the financial institution 5,236,710 barrel at a strike price of US\$62.50, in monthly instalments ranging from 130,061 barrel to 154,378 barrel from January 1, 2008 to December 31, 2010 (the “Bought Option”). In addition, MIE sold an option to the financial institution, so that the financial institution can notionally sell to MIE 5,236,710 barrel at a strike price of US\$42.50 in monthly instalments ranging from 130,061 barrel to 154,378 barrel from January 1, 2008 for December 31, 2010 (the “Sold Option”) under the same terms and conditions as the Bought Option. The effect of the above is that Group received money from the financial institution each month, in respect of the notional volume of that month, if the average monthly West Texas Intermediate (“WTI”) crude oil spot price of oil falls below US\$62.50, but the maximum payout by the financial institution was limited to US\$20.00 per barrel.

In October 2010, the Group further purchased an option to notionally sell to Merrill Lynch Commodities, Inc. (“MLCI”) 3,000,000 barrels of crude oil at a strike price of US\$70.00 per barrel, in instalments of 150,000 barrels per month in 2011 and 100,000 barrels per month in 2012 (“MLCI Oil Hedge”). The price under the option is based on WTI crude oil prices. In addition, in October 2010, the Group sold an option to MLCI to notionally sell to us 3,000,000 barrels at a strike price of US\$55.00 per barrel in instalments of 150,000 barrels per month in 2011 and 100,000 barrels per month in 2012 under the same terms and conditions as the purchased option. The effect of the above arrangement is that we will receive from MLCI each month the difference between the strike price of US\$70.00 per barrel and the WTI crude oil price, in respect of the notional volume of that month, if the average monthly WTI spot price of oil falls below US\$70.00 per barrel, but the maximum payout by MLCI is limited to US\$15.00 per barrel. The premium of US\$8.74 million (RMB57.86million) for this option is payable over 8 instalments on a quarterly basis from April 2011(Note 18).

8 衍生金融工具(續)

石油認沽期權

本集團已使用從Standard Bank處購入的石油認沽期權(「Standard Bank石油套期保值」)，以管理其在原油價格變動時所面臨的風險。MIE已購買一份期權(並非義務)，由二零零八年一月一日起至二零一零年十二月三十一日止，按月分期(介乎130,061桶至154,378桶之間)名義上向該金融機構以每桶行權價格62.50美元出售5,236,710桶原油(「購買期權」)。此外，MIE亦向該金融機構出售一份期權，據此該金融機構可由二零零八年一月一日起至二零一零年十二月三十一日止，按月分期(介乎130,061桶至154,378桶之間)名義上向MIE以每桶行權價格42.50美元出售5,236,710桶原油(「銷售期權」)，其條款及條件與購買期權相同。上述安排的影響為，倘平均每月西德克薩斯中質(「西德克薩斯中質」)原油現貨價格降至低於每桶62.50美元，本集團每月將自該金融機構就當月的名義交易量收取款項，惟該金融機構最高支出的限額為每桶20.00美元。

於二零一零年十月，本集團購買一項期權以按每桶70.00美元的行權價向Merrill Lynch Commodities, Inc.(「MLCI」)名義出售3,000,000桶原油，二零一一年每月分期交付150,000桶，二零一二年每月分期交付100,000桶(「MLCL石油套期保值」)。期權項下的價格乃基於西德克薩斯中質原油價格。此外，於二零一零年十月，本集團向MLCI出售一項期權，根據與所購買期權相同的條款及條件，按每桶55.00美元的行權價向本公司名義出售3,000,000桶，二零一一年每月分期交付150,000桶，二零一二年每月分期交付100,000桶。上述安排的影響為，倘石油的每月平均現貨價格降至低於每桶70.00美元，本公司將就該月的名義數量每月向MLCI收取每桶70.00美元的行權價與西德克薩斯中質原油價格的差價，惟MLCI支付的最高額限於每桶15.00美元。自二零一一年四月起八個季度期間，本集團將就石油認沽期權總額874萬美元(人民幣5,786萬)的權利金分八次每季向MLCI支付。(附註18)

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

9 Trade and Other Receivables

(a) Summary of trade and other receivables

9 應收及其他應收款項

(a) 應收及其他應收款項概述

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Financial assets	金融資產		
Current	即期		
Trade receivables from PetroChina (Note 29)	應收中石油貿易款項 (附註29)	25,973	50,723
Other receivables due from related parties	應收關聯方款項		
– PetroChina (Note 29)	– 中石油(附註29)	33,225	17,968
– Global Oil Corporation (Note 29)	– 澳大利亞環球石油 (附註29)	137,590	55,901
– United Petroleum USA, LLC (Note 29)	– 美國聯合石油 (附註29)	–	1,569
Advances to employees	向雇員作出墊款	7,134	4,145
Unbilled receivables from PetroChina (Note 29)	未結算應收中石油款項 (附註29)	145,011	161,429
Other receivables – others	其他應收款項–其他	576	655
		349,509	292,390
Non-current	非即期		
Amounts due from related party – Global Oil Corporation (Note 29)	應收關聯方款項 澳大利亞環球石油(附註29)	24,212	70,360
		373,721	362,750
Non-financial assets	非金融資產		
Current	即期		
Advances to suppliers	向供貨商作出墊款	1,210	143,796
Advances to suppliers – related party (Note 29)	向供貨商作出墊款 – 關聯方(附註29)	45,283	38,673
Prepayments to third parties	向第三方作出預付款項	2,292	1,926
Other deferred assets	其他遞延資產	–	12,786
		48,785	197,181
Total	合計	422,506	559,931
Total current	即期合計	398,294	489,571
Total non-current	非即期合計	24,212	70,360
Total	合計	422,506	559,931

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

9 Trade and Other Receivables (continued)

- (b) The fair values of trade and other receivables financial assets are as follows:

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Trade receivables from PetroChina	應收中石油貿易款項	25,973	50,723
Unbilled receivables from PetroChina	未結算應收中石油款項	145,011	161,429
Other receivables due from related parties	應收關聯方款項	195,027	145,798
		366,011	357,950
Other receivables – third parties	其他應收款項 – 第三方	7,710	4,800
		373,721	362,750

- (c) The aging analysis of trade receivables were as follows:

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
0 – 30 days	0至30日	25,973	50,723
		25,973	50,723

As of December 31, 2009 and 2010, there were no trade receivables past due which are impaired.

於二零零九年及二零一零年十二月三十一日，概無任何已逾期且已減值的應收款項。

- (d) The carrying amounts of trade and other receivables are denominated in the following currencies:

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Renminbi	人民幣	218,297	314,506
United States Dollars	美元	204,209	245,425
		422,506	559,931

9 應收及其他應收款項(續)

- (b) 應收及其他應收款項金融資產的公允價值如下所列：

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Trade receivables from PetroChina	應收中石油貿易款項	25,973	50,723
Unbilled receivables from PetroChina	未結算應收中石油款項	145,011	161,429
Other receivables due from related parties	應收關聯方款項	195,027	145,798
		366,011	357,950
Other receivables – third parties	其他應收款項 – 第三方	7,710	4,800
		373,721	362,750

- (c) 應收款項賬齡分析如下：

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
0 – 30 days	0至30日	25,973	50,723
		25,973	50,723

於二零零九年及二零一零年十二月三十一日，概無任何已逾期且已減值的應收款項。

- (d) 應收及其他應收款項的面值乃以下列貨幣列值：

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Renminbi	人民幣	218,297	314,506
United States Dollars	美元	204,209	245,425
		422,506	559,931

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

9 Trade and Other Receivables (continued)

(e) Movements in the provision for impairment of other receivables are as follows:

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
At January 1	於一月一日		
Receivables written off during the year as uncollectible	年內撇銷不可收回的 應收款項	-	(9,872)
At December 31	於十二月三十一日	-	9,872
		-	-

The maximum exposure to credit risk at the reporting date is the fair value of each class of trade and other receivables mentioned above. The Group does not hold any collateral as security.

9 應收及其他應收款項(續)

(e) 其他應收款項減值撥備變動如下：

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
At January 1	於一月一日		
Receivables written off during the year as uncollectible	年內撇銷不可收回的 應收款項	-	(9,872)
At December 31	於十二月三十一日	-	9,872
		-	-

於報告日期，最大的信貸風險為上述各類應收及其他應收款項的公允價值。本集團並未持有任何抵押品作為抵押。

10 Pledged Deposits

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Pledged deposits	抵押存款	29,916	30,729

As at December 31, 2009 and 2010, pledged deposit represents bank deposit pledged for borrowings. The carrying amounts of pledged deposits are denominated in United States Dollars.

10 抵押存款

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Pledged deposits	抵押存款	29,916	30,729

於二零零九年及二零一零年十二月三十一日，抵押存款指為借款提供抵押及為關聯方從銀行貸款提供擔保的銀行存款。抵押存款的面值以美元列值。

11 Inventories

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
<i>At cost</i>	以成本計算		
Oil in tank	庫存油	15,648	13,033
Materials and supplies	物料及供應品	21,016	63,045
		36,664	76,078

11 存貨

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

11 Inventories (continued)

Depreciation charges of RMB9,540,000 and RMB11,837,000 have been included in the balance above for the years ended December 31, 2009 and 2010, respectively (Note 6).

12 Amount Due from Shareholder

11 存貨(續)

截至二零零九年及二零一零年十二月三十一日止年度，上述結餘分別包括人民幣9,540,000元及人民幣11,837,000元的折舊費用(附註6)。

12 應收股東款項

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Current	即期		
Amount due from FEEL (Note 29)	應收FEEL控股股東款項(附註 29)	-	81,074
		-	81,074

The amount due from FEEL was settled by a non-cash deemed dividend on March 31, 2010 (Note 26).

應收FEEL控股股東款項已於二零一零年三月三十一日透過非現金股息予以結算(附註 26)。

13 Cash and Cash Equivalents

13 現金及現金等價物

		Group 本集團	
		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Cash in hand	現金	33	46
Cash at bank	銀行存款	680,000	290,225
		680,033	290,271

		Company 本公司	
		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Cash at bank	銀行存款	342,950	33

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

13 Cash and Cash Equivalents (continued)

Cash and cash equivalents are denominated in the following currencies:

		Group 本集團	
		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Renminbi	人民幣	273,371	185,026
Hong Kong Dollars	港幣	342,936	-
United States Dollars	美元	63,726	105,245
		680,033	290,271

13 現金及現金等價物(續)

現金及現金等價物以下列貨幣列值：

		Company 本公司	
		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Hong Kong Dollars	港幣	342,936	-
United States Dollars	美元	14	33
		342,950	33

Renminbi-denominated deposits are placed with banks in the PRC. The conversion of these Renminbi-denominated deposits into foreign currencies and remittance out of the PRC are subject to certain PRC rules and regulations of foreign exchange control promulgated by the PRC government. Also, the exchange rates are determined by the PRC government.

以人民幣列值的存款存放於中國境內銀行。將該等以人民幣列值的存款兌換為外幣及導出中國須遵守中國政府頒佈的若干中國外匯管控制例及法規。同時，相關匯率由中國政府厘定。

14 Share Capital

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Issued and fully paid:	已發行及繳足：		
Ordinary shares	普通股	17,588	659
Preferred shares	優先股	-	171
		17,588	830

14 股本

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

14 Share Capital (continued)

Authorized ordinary and preferred shares

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 '000 千股	2009 二零零九年 '000 千股
Authorized:	經授權：		
Ordinary shares of US\$0.001 per share	每股面值0.001美元普通股	100,000,000	150,000
Preferred shares	優先股		
Series A preferred shares of US\$0.001 each	每股面值0.001美元系列A優先股	—	30,000
Series B preferred shares of US\$0.001 each	每股面值0.001美元系列B優先股	—	—

As at December 31, 2009, the total number of authorized shares is 180,000,000 shares comprising 150,000,000 ordinary shares with a par value of US\$0.001 each and 30,000,000 Series A preferred shares with a par value of US\$0.001 each. Each share has one vote.

On February 5, 2010, FEEL, shareholders of FEEL, MIE and the Company entered into a shares purchase agreement with Harmony Energy Limited. To enable the transaction, the Company's authorized share capital was increased to 230,000,000 shares comprising 150,000,000 ordinary shares with a par value of US\$0.001 each, 30,000,000 Series A preferred shares with a par value of US\$0.001 each and 50,000,000 Series B preferred shares with a par value of US\$0.001 each.

Pursuant to a resolution of the shareholders of the Company on November 27, 2010 and immediately prior to the Global Offering on December 14, 2010, the authorized share capital of the Company was increased from US\$230,000 comprising 230,000,000 shares (comprising 150,000,000 ordinary shares with a par value of US\$0.001 each, 30,000,000 Series A preferred shares with a par value of US\$0.001 each and 50,000,000 Series B preferred shares with a par value of US\$0.001 each) to US\$100,000,000 comprising 100,000,000,000 shares of US\$0.001 each.

14 股本(續)

經授權普通股及優先股：

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 '000 千股	2009 二零零九年 '000 千股
Authorized:	經授權：		
Ordinary shares of US\$0.001 per share	每股面值0.001美元普通股	100,000,000	150,000
Preferred shares	優先股		
Series A preferred shares of US\$0.001 each	每股面值0.001美元系列A優先股	—	30,000
Series B preferred shares of US\$0.001 each	每股面值0.001美元系列B優先股	—	—

截至二零零九年十二月三十一日，其法定股本合計180,000,000股股份，包括150,000,000股每股面值0.001美元的普通股及30,000,000股每股面值0.001美元的系列A優先股。每股均附帶一股投票權。

於二零一零年二月五日，FEEL、FEEL股東、MIE及本公司與Harmony Energy Limited訂立一份股份購買協議。為促成交易，本公司法定股本增至230,000,000股股份，包括150,000,000股每股面值0.001美元的普通股、30,000,000股每股面值0.001美元的系列A優先股及50,000,000股每股面值0.001美元的系列B優先股。

根據本公司股東於二零一零年十一月二十七日作出的一項決議，緊接在二零一零年十二月十四日全球發售之前，本公司的法定股本從230,000,000美元(含230,000,000股股份，包括150,000,000股每股面值0.001美元的普通股、30,000,000股每股面值0.001美元的系列A優先股及50,000,000股每股面值0.001美元的系列B優先股)增加至100,000,000,000美元，包括100,000,000,000股每股面值0.001美元的股份。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

14 Share Capital (continued)

(a) Issued and fully paid ordinary shares

The details of the issued and fully paid ordinary share capital of the Company for the relevant periods are as follows:

14 股本(續)

(a) 已發行及繳足的普通股

本公司於有關期間已發行及繳足的普通股股本詳情載列如下：

		As at December 31, 十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Issued and fully paid:	已發行及繳足：		
At January 1, 2009 100,000,000 ordinary shares of US\$0.001 each	於二零零九年一月一日 100,000,000股，每股 面值0.001美元普通股		684
At October 31, 2009 Cancellation of ordinary shares 3,643,730 ordinary shares at US\$0.001 each (Note 14(b))	於二零零九年十月三十一日 注銷普通股 3,643,730股，每股面值 0.001美元普通股 (附註14(b))		(25)
At December 31, 2009 96,356,270 ordinary shares at US\$0.001 each	於二零零九年十二月三十一日 96,356,270股，每股 面值0.001美元普通股		659
At January 1, 2010 96,356,270 ordinary shares at US\$0.001 each	於二零一零年一月一日 96,356,270股，每股 面值0.001美元普通股	659	
At March 10, 2010 Cancellation of 18,212,560 ordinary shares at US\$0.001 each	於二零一零年三月十日 注銷18,212,560股，每股 面值0.001美元普通股	(124)	
At December 14, 2010 Conversion of 25,101,220 Series A preferred shares to 25,101,220 ordinary shares at US\$0.001 each (Note 14(b))	於二零一零年十二月十四日 轉換25,101,220股系列A優先 股至 25,101,220股每股面 值0.001美元普通股 (附註14(b))	171	
Conversion of 36,425,120 Series B preferred shares to 18,212,560 ordinary shares at US\$0.001 each (Note 14(b))	轉換 36,425,120股系列 B優 先股至 18,212,560股每股 面值0.001美元普通股 (附註14(b))	124	
Capitalization issuance of 2,078,542,510 ordinary shares at US\$0.001 each to shareholders registered on November 23, 2010	向於二零一零年十一月 二十三日登記的股東資本 化發行2,078,542,510股， 每股面值0.001美元普通股	13,822	
Issuance of 441,334,000 ordinary shares at US\$0.001 each during Global Offering	於全球售股發行441,334,000 股每股面值0.001美元普通 股	2,936	
At December 31, 2010 2,641,334,000 ordinary shares at US\$0.001 each	於二零一零年十二月三十一日 2,641,334,000股，每股 面值0.001美元普通股	17,588	

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

14 Share Capital (continued)

(a) Issued and fully paid ordinary shares (continued)

On April 16, 2010, the shareholders adopted an ordinary resolution effecting certain amendments to the authorized and issued share capital to effect a 10-for-one split of the Company's share capital pursuant to which each ordinary share, Series A preferred share and Series B preferred share of the Company was subdivided into 10 shares at a par value of US\$0.001 each, such that the authorized share capital of the Company of US\$230,000 comprising 230,000,000 shares is divided into 150,000,000 ordinary shares of a par value of US\$0.001 each, 30,000,000 Series A preferred shares with a par value of US\$0.001 each and 50,000,000 Series B preferred shares with a par value of US\$0.001 each.

In connection with the 10-for-one split, the 607,287 ordinary shares of a par value of US\$0.01 each reserved under the MIE 2009 Stock Incentive Compensation (the "Plan") for delivery in connection with the grant, vesting or other issuance of stock incentive awards was adjusted to 6,072,870 ordinary shares of a par value of US\$0.001 each, to reflect the subdivision of the Company's ordinary shares approved by the shareholders of the Company on April 16, 2010.

All share and per share amounts presented in the consolidated financial statements have been restated on a retroactive basis to reflect the effect of 10-for-one share split and issuances.

14 股本(續)

(a) 已發行及繳足的普通股(續)

於二零一零年四月十六日，本公司股東批准一項決議，以對法定及已發行股本作出若干修訂，該項修訂使得本公司股本每股拆細為十股，據此，本公司每股普通股、系列A優先股及系列B優先股各拆細為十股每股面值0.001美元的股份，因此，本公司的法定股本總額230,000美元、230,000,000股分為150,000,000股每股面值0.001美元的普通股、30,000,000股每股面值0.001美元的系列A優先股及50,000,000股每股面值0.001美元的系列B優先股。

隨著本公司股份拆細，所預留二零零九年股份獎勵酬金(「股份獎勵酬金計劃」)項下的607,287股每股面值0.01美元的普通股(待股份獎勵酬金授出、歸屬或其他發行時予以發放)調整至6,072,870股每股面值0.001美元的普通股，以反映本公司股東於二零一零年四月十六日批准的本公司普通股拆細事宜。

合併財務報表中所呈報的所有股份及每股金額均已按具追溯效力的基準重列，以反映每股拆細為十股的股份拆細及發行的影響。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

14 Share Capital (continued)

(a) Issued and fully paid ordinary shares (continued)

Pursuant to written resolutions passed by the Company's shareholders on November 27, 2010 and immediately prior to the completion of the Company's global offering for listing on the Stock Exchange of Hong Kong Limited ("Global Offering") on December 14, 2010, the Company:

- (i) converted all issued and outstanding 25,101,220 Series A preferred shares and 36,425,120 Series B preferred shares into 25,101,220 ordinary shares and 18,212,560 ordinary shares respectively in accordance with the Company's then existing articles of association;
- (ii) immediately upon conversion of the Series A preferred shares and Series B preferred shares into ordinary shares, designated all the unissued 30,000,000 Series A preferred shares and 50,000,000 Series B preferred shares with a par value of US\$0.001 each as ordinary shares with a par value of US\$0.001 each;
- (iii) increased the authorized share capital of the Company from US\$230,000 comprising 230,000,000 ordinary shares of US\$0.001 each to US\$100,000,000 comprising 100,000,000,000 shares of US\$0.001 each;
- (iv) allotted and issued a total of 2,078,542,510 ordinary shares credited as fully paid at par to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on November 23, 2010 in proportion to their then existing respective shareholdings by way of capitalization of the sum of US\$2,078,542.51 (RMB13,822,000) standing to the credit of the share premium account of the Company ("Capitalization Issue"). The shares allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued shares.

On December 14, 2010, the Company issued 441,334,000 ordinary shares at HK\$1.70 per share for the Global Offering.

14 股本(續)

(a) 已發行及繳足的普通股(續)

根據本公司股東於二零一零年十一月二十七日做出的書面決議，緊接在本公司於二零一零年十二月十四日完成在香港聯合交易所有限公司全球發售上市交易(「全球發售」)之前，本公司：

- (i) 依據本公司當時的組織章程分別將所有發行在外的25,101,220股系列A優先股和36,425,120股系列B優先股轉換為25,101,220股普通股和18,212,560股普通股；
- (ii) 緊接系列A優先股及系列B優先股轉換後，指定全部及未發行30,000,000股系列A優先股及未發行50,000,000股系列B優先股(每股面值均為0.001美元)為每股面值0.001美元的普通股；
- (iii) 將本公司法定股本由230,000美元(包含230,000,000股每股面值0.001美元的普通股)增加至100,000,000美元(包含100,000,000,000股每股面值0.001美元的股份)；
- (iv) 透過將本公司股份溢價賬的進賬額2,078,542.51美元(人民幣13,822,000元)撥充資本(「資本化發行」)，向於二零一零年十一月二十三日營業時間結束時，名列本公司股東名冊的本公司股東按當時彼等各自的持股比例，按面值以入帳列作繳足方式配發及發行合共2,078,542,510股普通股。根據該決議案，配發及發行的股份將在所有方面與現有已發行股份享有同等地位。

於二零一零年十二月十四日，本公司通過全球發售以每股港幣1.70元發行441,334,000股普通股。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

14 Share Capital (continued)

- (a) Issued and fully paid ordinary shares (continued)

Reserve arising from redeemable ordinary shares

In January 2009, Standard Bank acquired 1,970,490 of the Company's ordinary shares (representing 1.97% of the outstanding share capital) for US\$5,123,000 (RMB35,043,000) from FEEL. Concurrently, FEEL also sold Standard Bank a conversion option that allowed the Company's ordinary shares to be converted into the preferred shares, on the same terms and conditions as any new preferred shares issued by the Company exceeding US\$20 million (RMB136 million) during the term of the option. If Standard Bank did not convert the ordinary shares, Standard Bank had the right to sell the ordinary shares back to MIE at their original issuance price (US\$5,123,000). FEEL and the Company were jointly and severally liable with MIE for this arrangement.

At the date of the sale of ordinary shares from FEEL to Standard Bank, the fair value of MIE's liability to Standard Bank amounted to US\$5,123,000 (RMB35,043,000).

In October 2009, those ordinary shares were bought back by FEEL from Standard Bank and the option was terminated and the corresponding liability US\$5,123,000 (RMB35,043,000) was transferred back to equity.

The above movements have been reflected in the consolidated statements of changes in equity.

14 股本(續)

- (a) 已發行及繳足的普通股(續)

可贖回普通股產生的儲備

於二零零九年一月，Standard Bank以5,123,000美元(人民幣35,043,000元)向FEEL收購本公司的1,970,490股普通股(即發行在外股本的1.97%)。與此同時，FEEL亦向Standard Bank出售一項轉換期權，可將本公司的普通股轉換為優先股，其條款及條件與本公司在期權期限期間發行的超過20,000,000美元(人民幣1.36億元)的任何新增優先股相同。倘Standard Bank並無轉換普通股，則其有權將該等普通股按其原有發行價格(5,123,000美元)售回予MIE。FEEL及本公司共同及個別就此安排對MIE負責。

於FEEL向Standard Bank出售普通股的日期，MIE所欠Standard Bank負債的公允價值為5,123,000美元(人民幣35,043,000元)。

於二零零九年十月，FEEL向Standard Bank購回該等普通股，期權因而被終止，相應的負債5,123,000美元(人民幣35,043,000元)轉回至股權。

上述變動已在合併權益變動表內反映。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

14 Share Capital (continued)

14 股本(續)

(b) Issued and fully paid preferred shares

(b) 已發行及繳足的優先股

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Issued and fully paid:	已發行及繳足		
Series A preferred shares	系列A優先股		
At July 9, 2009	於二零零九年七月九日		
Issuance of 21,457,490 Series A preferred shares of US\$0.001 each	發行21,457,490股每股面值0.001美元系列A優先股		146
At October 30, 2009	於二零零九年十月三十日		
Issuance of 3,643,730 Series A preferred shares at US\$0.001 each (Note 14(a))	發行3,643,730股每股面值0.001美元系列A優先股(附註14(a))		25
At December 31, 2009	於二零零九年十二月三十一日		
25,101,220 Series A preferred shares of US\$0.001 each	25,101,220股每股面值0.001美元系列A優先股		171
At December 14, 2010	於二零一零年十二月十四日		
Conversion of 25,101,220 Series A preferred shares of US\$0.001 each to 25,101,220 ordinary shares (Note 14(a))	轉換25,101,220股每股面值0.001美元系列A優先股至25,101,220股普通股(附註14(a))。	(171)	
At December 31, 2010	於二零一零年十二月三十一日		
Nil Series A preferred shares of US\$0.001 each	零股每股面值0.001美元系列A優先股	-	
Series B preferred shares	系列B優先股		
At March 10, 2010	於二零一零年三月十日		
Issuance of 36,425,120 Series B preferred shares of US\$0.001 each	發行36,425,120股每股面值0.001美元系列B優先股	249	
At December 14, 2010	於二零一零年十二月十四日		
Conversion of 36,425,120 Series B preferred shares of US\$0.001 each to 18,212,560 ordinary shares (Note 14(a))	轉換36,425,120股每股面值0.001美元系列B優先股至18,212,560股普通股(附註14(a))。	(249)	
At December 31, 2010	於二零一零年十二月三十一日		
Nil Series B preferred shares of US\$0.001 each	零股每股面值0.001美元系列B優先股	-	
At December 31, 2010	於二零一零年十二月三十一日		
Total preferred shares	優先股合計	-	

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

14 Share Capital (continued)

(b) Issued and fully paid preferred shares (continued)

Series A preferred shares

On June 19, 2009, FEEL, the Company, MIE and TPG Star Energy Ltd. ("TPG") entered into a Series A preferred share subscription agreement and put option agreement ("TPG SPA"). The Company issued 21,457,490 Series A preferred shares to TPG representing 17.667% of the capital of the Company for consideration of US\$53,000,000 (RMB362,000,000) less transaction fee US\$3,000,000 (RMB20,490,000). The above transaction was completed and became enforceable on July 9, 2009 when the Series A preferred shares were issued to TPG.

On October 26, 2009, FEEL, the Company and MIE entered into a shares purchase agreement with Sino Link Limited, an indirect subsidiary of CITIC Group, pursuant to which FEEL sold 3,643,730 Series A preferred shares to Sino Link Limited for a consideration of US\$9 million (RMB61,454,000). As FEEL was not at that time the holder of any Series A preferred shares, the Company redeemed 3,643,730 ordinary shares held by FEEL and issued in exchange 3,643,730 Series A preferred shares to FEEL, which were then transferred to Sino Link Limited on October 30, 2009.

Each of the Series A preferred share:

- has the same voting and dividend rights, other than deemed dividends, as those of ordinary shares into which Series A preferred share is convertible.
- is convertible, at the option of the holder at any time, into fully paid ordinary shares at the applicable conversion ratio.
- will automatically convert into fully paid ordinary shares at the applicable conversion ratio immediately prior to a Global Offering.
- is convertible to ordinary shares at the initial conversion ratio of 1:1.

FEEL granted a put option to holders of Series A preferred shares which requires FEEL to purchase all or some of the Series A preferred shares. The option guarantees that holders of Series A preferred shares will recover its initial cost at a compounded rate of return of 15%. FEEL, MIE and the Company are jointly and severally liable for this obligation.

14 股本(續)

(b) 已發行及繳足的優先股(續)

系列A優先股

於二零零九年六月十九日，FEEL、本公司、MIE與TPG Star Energy Ltd.(「TPG」)訂立系列A優先股認購協議及認沽期權協議(「TPG系列A優先股買賣協議」)。本公司以對價53,000,000美元(人民幣3.62億元)減交易費3,000,000美元(人民幣20,490,000元)向TPG發行21,457,490股系列A優先股，佔本公司股本17.667%。上述交易已於二零零九年七月九日向TPG發行系列A優先股之日完成並可執行。

於二零零九年十月二十六日，FEEL、本公司及MIE與Sino Link Limited(中信集團的間接附屬公司)訂立一份股份購買協議，據此，FEEL以對價9,000,000美元(人民幣61,454,000元)向Sino Link Limited出售3,643,730股系列A優先股。由於當時FEEL並非任何系列A優先股的持有人，故本公司贖回FEEL持有的3,643,730股普通股，並作為交換向FEEL發行3,643,730股系列A優先股，該等優先股隨後於二零零九年十月三十日過戶至Sino Link Limited。

每股系列A優先股：

- 擁有與可由系列A優先股轉換所得的普通股同樣的投票及收取股息的權利(視為股息除外)；
- 可由持有人隨時選擇按適用的轉換率轉換為繳足普通股；
- 緊接全球發售前，將自動按適用的轉換率轉換為繳足普通股；及
- 可按一兌一的初始轉換率轉換為普通股。

FEEL向系列A優先股股東授出一項認沽期權，可要求FEEL購買全部或部分系列A優先股。該期權保證系列A優先股股東將按複合回報率15%收回其初始成本。FEEL、MIE及本公司共同及個別對此承諾負責。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

14 Share Capital (continued)

(b) Issued and fully paid preferred shares (continued)

Series A preferred shares (continued)

In the event of a liquidation, dissolution or winding up of the Company, the available assets and funds of the Company are distributed to the Series A and Series B preferred shareholders, on a pro rata basis ahead of ordinary shareholders. The holders of the Series A preferred shares are entitled to recover the original purchase price and, if a put given to Series A preferred shareholders is exercised, an amount that would result in the shareholders obtaining a compounded rate of return of 15% from the issue of the Series A preferred shares, less any distributions made to the shareholders during the investment period.

Series B preferred shares

On February 5, 2010, FEEL, MIE and the Company entered into a shares purchase agreement with Harmony Energy Limited, a company incorporated in British Virgin Islands and a wholly owned subsidiary of Ever Union Capital Limited, pursuant to which FEEL sold 36,425,120 Series B preferred shares for a consideration of US\$89,970,000 (RMB614,171,000). As FEEL was not at that time the holder of any Series B preferred shares, on March 10, 2010, the Company repurchased 18,212,560 ordinary shares held by FEEL and issued in exchange 36,425,120 Series B preferred shares to FEEL, which FEEL transferred to Harmony Energy Limited.

Each Series B preferred share:

- has the same voting and dividend rights, other than deemed dividends, as those of the ordinary share into which such Series B preferred share is convertible;
- is convertible, at the option of the holder at any time, into fully paid ordinary shares at the applicable conversion rate;
- will automatically convert into fully paid ordinary shares at the applicable conversion ratio immediately prior to a Global Offering; and
- is convertible to ordinary shares at the initial conversion ratio of 2:1.

14 股本(續)

(b) 已發行及繳足的優先股(續)

系列A優先股(續)

倘本公司清盤、解散或停業，則本公司可動用的資產及資金將按比例基準優先分派至系列A及系列B優先股股東，其次再分派至普通股股東。系列A優先股持有人有權收回原購買價格，及倘授予系列A優先股股東的認沽期權獲行使，則可收回會令股東自發行系列A優先股取得15%複合回報率的金額(扣除於投資期間向股東作出的任何分派)。

系列B優先股

於二零一零年二月五日，FEEL、MIE及本公司與Harmony Energy Limited(一家於英屬處女群島註冊成立的公司，並為Ever Union Capital Limited的全資附屬公司)訂立一份股份購買協議，據此，FEEL以對價89,970,000美元(人民幣614,171,000元)出售36,425,120股系列B優先股。由於當時FEEL並非任何系列B優先股持有人，於二零一零年三月十日，本公司購回FEEL持有的18,212,560股普通股，並作為交換向FEEL發行36,425,120股系列B優先股，FEEL已將該等優先股過戶至Harmony Energy Limited。

每股系列B優先股：

- 擁有與可由該等系列B優先股轉換而來的普通股同樣的投票及收取股息的權利(視為股息除外)；
- 可由持有人隨時選擇按適用的轉換率轉換為繳足普通股；
- 緊接合資格首次公開發售前，將自動按適用的轉換率轉換為繳足普通股；及
- 可按二兌一的初始轉換率轉換為普通股。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

14 Share Capital (continued)

- (b) Issued and fully paid preferred shares (continued)

Series B preferred shares (continued)

In the event of a liquidation, dissolution or winding up of the Company, the available assets and funds of the Company are distributed to the Series A and Series B preferred shareholders, on a pro rata basis ahead of ordinary shareholders. The holders of the Series B preferred shares are entitled to recover the original purchase price.

All outstanding Series A preferred shares and Series B preferred shares have been converted to ordinary shares on December 14, 2010 pursuant to written resolutions passed by the Company's shareholders on November 27, 2010. (Note 14(a))

- (c) Stock incentive compensation plans

The board of directors of the Company adopted the Plan on November 20, 2009 which is intended to attract and retain the best available personnel for positions of substantial responsibility, and provide additional incentive to employees, directors and consultants. The Company has reserved 6,072,870 ordinary shares for issuance under the Plan. The Company terminated the Plan pursuant to a resolution on November 27, 2010. Any options granted prior to the termination of the plan remain subject to the ordinary vesting and exercise provisions set out in the award agreement. A total of 4,422,000 shares originally reserved for the Plan were cancelled upon the termination of the Plan.

(A) Stock options

The options granted under the Plan are evidenced by an option award agreement between the Company and its employees that contains, among other things, the number of shares granted and provisions concerning exercisability and forfeiture upon termination of employment, as determined by the board of the Company.

14 股本(續)

- (b) 已發行及繳足的優先股(續)

系列B優先股(續)

倘本公司清盤、解散或停業，則本公司可動用的資產及資金將按比例基準優先分派至系列A及系列B優先股股東，其次再分派至普通股股東。系列B優先股持有人有權收回原購買價格。

根據本公司股東於二零一零年十一月二十七日通過的書面決議案，全部發行在外的系列A優先股和系列B優先股已於二零一零年十二月十四日轉換為普通股(附註14(a))。

- (c) 股份獎勵酬金計劃

本公司董事會已於二零零九年十一月二十日採納股份獎勵酬金計劃，旨在為擔負重要職責的職位招攬及挽留最優秀的可用人員，並為雇員、董事及顧問提供額外獎勵。本公司已預留6,072,870股普通股以預備股份獎勵酬金計劃。根據於二零一零年十一月二十七日的書面決議，本公司終止了股份獎勵酬金計劃。任何在計劃終止前授出的期權仍予以保留，遵循股份增值權獎勵協議中的普通股授出及歸屬條款。原先為該計劃保留的總數為4,422,000股已於股份獎勵酬金計劃終止時撤銷。

(A) 購股權

根據股份獎勵酬金計劃授出的購股權以本公司與其雇員之間的一份購股權獎勵協議為憑證，該協議載列(其中包括)所授出股份的數目及終止聘用後有關購股權的可行使性及沒收的條文(按本公司董事會所釐定)。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

14 Share Capital (continued)

(c) Stock incentive compensation plans (continued)

(A) Stock options (continued)

Vesting schedule The options granted under the Plan vest over a two or three-year period following a specified vesting commencement date. Typically, the options granted vest at each anniversary of the grant date within the vesting period, subject to the participant continuing to be an employee on each vesting date.

Right to exercise The term of the options granted under the Plan will not exceed ten years from the grant date. Upon termination by the participant or termination of the participant without cause by the Company, any portion of the options that had not vested on or before such termination shall lapse immediately; any portion of the options that were vested before such termination to the extent not exercised within thirty days after such termination shall also lapse. Upon termination of the participant due to the participant's death, permanent disability or injury, the options remain subject to ordinary vesting schedule and exercise provision where the option agreement permits. Upon termination of the participant by the Company for cause, any portion of the options not already exercised lapse immediately.

On November 20, 2009, the Company granted options for 1,480,870 ordinary shares to certain officers and employees. The exercise price of each option granted is US\$2.39. During year 2010, 100,400 share options have lapsed due to termination of employment.

On November 23, 2010, the Company granted options for 170,000 ordinary shares to the Company's independent non-executive Directors. The exercise price of each option granted is US\$4.53.

14 股本(續)

(c) 股份獎勵酬金計劃(續)

(A) 購股權(續)

*歸屬計劃*根據股份獎勵酬金計劃授出的購股權於指定歸屬開始日期隨後的兩年或三年期間內歸屬。一般來講，所授出的購股權在歸屬期內的授出日期各周年屆滿日歸屬，惟參與者須於各歸屬日期仍為僱員。

*行使權*根據股份獎勵酬金計劃授出的購股權的期限自授出日期起計不會超過十年。倘購股權協議容許行使由參與者解除與本公司的僱傭關係或本公司無故解僱參與者之前歸屬的購股權，則尚未行使或購買的購股權將於上述終止後第三十一日終止。倘購股權協議允許由於參與者的身故、終生殘疾或受傷導致僱傭關係終止後普通歸屬及行使，則購股權仍須遵守普通歸屬計劃及行使。本公司因故解僱參與者後，仍未行使的購股權即告失效。

於二零零九年十一月二十日，本公司向若干高級職員及僱員授出有關1,480,870股普通股的購股權。所授出的每份購股權的行權價為2.39美元。在二零一零年期間，100,400份購股權由於終止僱傭關係已告失效。

於二零一零年十一月二十三日，本公司向獨立非執行董事授予170,000普通股的購股權，行權價為4.53美元。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

14 Share Capital (continued)

(c) Stock incentive compensation plans (continued)

(A) Stock options (continued)

After taking the Capitalization Issue into account, out of the 28,084,179 outstanding options, 8,334,971 were exercisable as of December 31, 2010. The share options outstanding as at December 31, 2010 were 25,004,913 with exercise price of US\$0.13 and 3,079,266 with exercise price of US\$0.25.

(B) Stock appreciation rights

Stock appreciation rights granted under the Plan are evidenced by a stock appreciation rights award agreement between the Company and employees that contains, among other things, the number of notional ordinary shares to which the stock appreciation rights relate and the provisions concerning exercisability and forfeiture upon termination of employment or consulting arrangement.

Vesting schedule Stock appreciation rights granted under the Plan vest over a three-year period following a specified vesting commencement date. One-third of the stock appreciation rights granted vest at each anniversary of the grant date within the three-year vesting period, subject to the participant continuing to be an employee or a service provider on each vesting date. There is no entitlement to the stock appreciation right unless and until there is a Global Offering.

14 股本(續)

(c) 股份獎勵酬金計劃(續)

(A) 購股權(續)

截至二零一零年十二月三十一日止年度，考慮到資本化發行，28,084,179份尚未行使的購股權中的8,334,971份已達到可行權狀態。於二零一零年十二月三十一日，尚未行使的購股權分別為25,004,913份，行權價為0.13美元，和3,079,266，行權價為0.25美元。

(B) 股份增值權

根據二零零九年股份獎勵酬金計劃授出的股份增值權以本公司及雇員之間的一份股份增值權獎勵協議為憑證，該協議載列(其中包括)股份增值權有關的名義普通股數目及終止聘用或諮詢安排終止後有關股份增值權的可行使性及沒收的條文。

歸屬計劃根據二零零九年股份獎勵酬金計劃授出的股份增值權於指定歸屬開始日期後三年期間內歸屬。三分之一的所授股份增值權在三年歸屬期間內的授出日期各周年屆滿日歸屬，惟參與者須於各歸屬日期仍為雇員或服務提供商。除非及直至全球發售發生，方可享有股份增值權。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

14 Share Capital (continued)

(c) Stock incentive compensation plans (continued)

(B) Stock appreciation rights (continued)

Right to exercise The term of stock appreciation rights granted under the Plan will not exceed ten years from the grant date. When a participant exercises the stock appreciation rights, the Company will pay such participant an amount in cash determined by multiplying (i) the excess of the fair market value of an ordinary share on the exercise date over the grant price by (ii) the number of notional ordinary shares to which the stock appreciation rights relate stated in such participant's exercise notice.

On November 20, 2009, the board of directors of the Company granted certain officers and employees stock appreciation rights pertaining to 2,560,180 notional ordinary shares to which the stock appreciation rights relate. The exercise price of each stock appreciation right is US\$2.39. Upon termination by the participant or termination of the participant without cause by the Company, any portion of the stock appreciation rights that had not vested on or before such termination shall lapse immediately; any portion of the stock appreciation rights that were vested before such termination to the extent not exercised within thirty days after such termination shall also lapse. Upon termination of the participant due to the participant's death, permanent disability or injury, the stock appreciation rights remain subject to ordinary vesting schedule and exercise provision where the stock appreciation rights agreement permits. Upon termination of the participant by the Company for cause, any portion of the stock appreciation rights not already exercised lapse immediately. During year 2010, 12,550 stock appreciation rights have lapsed due to termination of employment.

On February 26, 2010, the board of directors of the Company granted certain employees stock appreciation rights pertaining to 25,100 notional ordinary shares with exercise price of \$4.78 per notional ordinary shares.

14 股本(續)

(c) 股份獎勵酬金計劃(續)

(B) 股份增值權(續)

*行使權*根據股份獎勵酬金計劃授出的股份增值權的期限自授出日期起計不會超過十年。倘參與者行使股份增值權，則本公司將以現金向該名參與者支付一筆金額，該金額乃通過將該名參與者於其行使通告中所呈列的(i)一股普通股於行使日期的市場公允價值超出行權價格的差額乘以(ii)股份增值權有關的名義普通股數目所釐定。

於二零零九年十一月二十日，本公司董事會向若干高級職員及雇員授出涉及2,560,180股名義普通股的股份增值權。每項股份增值權的行權價為2.39美元。倘股份增值權協議容許行使由參與者解除與本公司的僱傭關係或本公司無故解雇參與者之前歸屬的股份增值權，則尚未行使的股份增值權將於上述終止後第三十一日終止。倘股份增值權協議容許由於參與者身故、終生殘疾或受傷導致僱傭關係終止後的普通歸屬及行使，則股份增值權仍須遵守普通歸屬計劃及行使。本公司因故解雇參與者後，尚未行使的股份增值權即告失效。於二零一零年度，12,550份股份增值權因參與者解除與本公司的僱傭關係而失效。

於二零一零年二月二十六日，本公司董事會向若干雇員授出有關25,100股名義普通股的股份增值權，行權價為每股名義普通股4.78美元。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

14 Share Capital (continued)

(c) Stock incentive compensation plans (continued)

(B) Stock appreciation rights (continued)

On February 26, 2010, the board of directors of the Company approved amended stock appreciation rights award agreement to be implemented for certain selected participants. For these selected participants, a portion or all of the one third of the granted stock appreciation rights shall vest and become exercisable on each anniversary of the grant date according to the performance evaluation target mark attained by these participants. All other terms of the stock appreciation rights award agreement remain unchanged.

On December 14, 2010, the total number of outstanding stock appreciation rights was adjusted to 46,600,713 by reason of Capitalization Issue. During 2010, a total of 212,167 stock appreciation rights with exercise price of US\$0.13 have lapsed pursuant to the terms and conditions of the Plan. Out of the 46,388,546 outstanding stock appreciation rights, 15,169,856 stock appreciation rights were exercisable as of December 31, 2010. The stock appreciation rights outstanding as at December 31, 2010 were 45,933,902 with exercise price of US\$0.13 and 454,644 with exercise price of \$0.26.

14 股本(續)

(c) 股份獎勵酬金計劃(續)

(B) 股份增值權(續)

於二零一零年二月二十六日，本公司董事會批准經修訂股份增值權獎勵協議，將就若干甄選參與者予以履行。就該等甄選參與者而言，部分或全部三分之一的已授出股份增值權根據彼等所獲得的績效評估目標分數於授出日期各周年屆滿日歸屬及可獲行使。股份增值權獎勵協議的所有其他條款仍保持不變。

於二零一零年十二月十四日，考慮到資本化發行，尚未行權的股份增值權的總數調整為46,600,713份。於二零一零年期間，212,167份行權價為0.13美元的股份增值權根據股份增值權獎勵計劃條款已告失效。截至二零一零年十二月三十一日止年度，46,388,546份尚未行使的股份增值權中的15,169,856份已達到可行權狀態。於二零一零年十二月三十一日，尚未行使的股份增值權包括45,933,902份行權價為0.13美元及454,644份行權價為0.26美元的股份增值權。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

14 Share Capital (continued)

(c) Stock incentive compensation plans (continued)

(C) Fair values of stock options

The fair value of options granted on November 20, 2009 determined using the Binomial Model was US\$1.93 per option. The significant inputs into the model were fair value per share of US\$3.30 at the grant date, exercise price shown above, volatility of 64.7%, dividend yield of 0%, an option life of ten years, and an annual risk-free interest rate of 3.417%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of weekly share prices of comparable companies over the last five years.

The fair value of options granted on November 23, 2010 determined using the Binomial Mode was US\$0.11 per option after taking into capitalization issue. The significant inputs into the model were fair value per share of US\$0.22 at the grant date, exercise price shown above, volatility of 58.56%, dividend yield of 0%, an option life of ten years, and an annual risk-free interest rate of 2.86%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of weekly share prices of comparable companies over the last five years.

14 股本(續)

(c) 股份獎勵酬金計劃(續)

(C) 購股權的公允價值

於二零零九年十一月二十日授出的購股權的公允價值為每份購股權1.93美元，乃採用二項式模型釐定。該模型重要的輸入數值為於授予日的每股公允價值3.30美元、上文所述的行權價、波幅64.7%、股息率0%、購股權年期十年及年度無風險利率3.417%。按連續複利股票收益的標準偏差計量的波幅乃基於過去五年來可比較公司每週股份價格的統計分析。

考慮到資本化發行，於二零一零年十一月二十三日授出的購股權的公允價值為每份購股權0.11美元，乃採用二項式模型釐定。該模型重要的輸入數值為於授予日的每股公允價值0.22美元、上文所述的行權價、波幅58.86%、股息率0%、購股權年期十年及年度無風險利率2.86%。按連續複利股票收益的標準偏差計量的波幅乃基於過去五年來可比較公司每週股份價格的統計分析。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

14 Share Capital (continued)

- (c) Stock incentive compensation plans (continued)

(D) *Fair values of stock appreciation rights*

The fair value of stock appreciation rights granted on November 20, 2009 determined using the Binomial Model was US\$1.85 per right. The significant inputs into the model were fair value per share price of US\$3.30 at the grant date, exercise price shown above, volatility of 64.7%, dividend yield of 0% stock appreciation rights life of ten years, and an annual risk-free interest rate of 3.417%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of weekly share prices of comparable companies over the last five years.

The fair value of stock appreciation rights as at December 31, 2009 determined using the Binomial Model was US\$2.06 per right. The significant inputs into the model were fair value per share price of US\$3.63 at the grant date, exercise price shown above, volatility of 66.26%, dividend yield of 0% stock appreciation rights life of 9.89 years, and an annual risk-free interest rate of 3.923%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of weekly share prices of comparable companies over the last five years.

14 股本(續)

- (c) 股份獎勵酬金計劃(續)

(D) *股份增值權的公允價值*

於二零零九年十一月二十日授出的股份增值權的公允價值為每份股份增值權1.85美元，乃採用二項式模型釐定。該模型重要的輸入數值為於授予日的每股公允價值3.30美元、上文所述的行權價、波幅64.7%、股息率0%、股份增值權年期十年及年度無風險利率3.417%。按連續複利股票收益的標準偏差計量的波幅乃基於過去五年來可比較公司每週股份價格的統計分析。

於二零零九年十二月三十一日授出的股份增值權的公允價值為每份股份增值權2.06美元，乃採用二項式模型釐定。該模型重要的輸入數值為於授予日的每股公允價值3.63美元、上文所述的行權價、波幅66.26%、股息率0%、股份增值權年期9.89年及年度無風險利率3.923%。按連續複利股票收益的標準偏差計量的波幅乃基於過去五年來可比較公司每週股份價格的統計分析。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

14 Share Capital (continued)

(c) Stock incentive compensation plans (continued)

(D) Fair values of stock appreciation rights (continued)

After taking the Capitalization Issue into account, the fair value of stock appreciation rights granted on November 20, 2009 as of December 31, 2010 determined using the Binomial Model was US\$0.11 per right. The significant inputs into the model were the fair value per share of US\$0.22 as of December 31, 2010, the exercise price of US\$0.13, volatility of 58.62%, dividend yield of 0%, stock appreciation rights life of 8.89 years and an annual risk-free interest rate of 3.15%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of weekly share prices of comparable companies over the last five years.

On February 26, 2010, the Company granted 25,100 additional stock appreciation rights to certain employees of the Group. After taking the Capitalization Issue into account, the fair value of stock appreciation rights granted on February 26, 2010 as of December 31, 2010 determined using the Binomial Model was US\$0.08 per right. The significant inputs into the model were the fair value per share of US\$0.22 as of December 31, 2010, the exercise price of US\$0.26, volatility of 58.62%, dividend yield of 0%, stock appreciation rights life of 9.16 years, and an annual risk-free interest rate of 3.15%.

14 股本(續)

(c) 股份獎勵酬金計劃(續)

(D) 股份增值權的公允價值(續)

考慮到資本化發行，於二零零九年十一月二十日授出的股份增值權於二零一零年十二月三十一日的公允價值為每份股份增值權0.11美元，乃採用二項式模型釐定。該模型重要的輸入數值為於二零一零年十二月三十一日的每股公允價值0.22美元、行權價為0.13美元、波幅58.62%、股息率0%、股份增值權年期8.89年及年度無風險利率3.15%。按連續複利股票收益的標準偏差計量的波幅乃基於過去五年來可比較公司每週股份價格的統計分析。

於二零一零年二月二十六日，本公司向若干雇員授出有關25,100股名義普通股股份增值權，考慮到資本化發行，於二零一零年二月二十六日授出的股份增值權於二零一零年十二月三十一日的公允價值為每份股份增值權0.08美元，乃採用二項式模型釐定。該模型重要的輸入數值為於二零一零年十二月三十一日的每股公允價值0.22美元、行權價為0.26美元、波幅58.62%、股息率0%、股份增值權年期9.16年及年度無風險利率3.15%。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

15 Share Premium and Other Reserves

(a) Group

		As at December 31, 於十二月三十一日，	
		2010	2009
		二零一零年	二零零九年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Share premium	股本溢價		
Ordinary shares	普通股	826,477	(61,429)
Series A preferred shares	系列A優先股	-	400,878
		826,477	339,449
Capital reserve	資本儲備	(270)	(270)
Share option reserve	購股權儲備	11,584	1,224
Safety fund reserve (i)	安全基金儲備(i)	91,546	63,506
Currency translation reserve	貨幣換算差額	(10,941)	-
Other reserves	其他儲備	91,919	64,460

(i) Safety fund reserve

Pursuant to certain relevant PRC laws and regulations, the Group is required to set aside a certain amount in proportion to its production income for the relevant year as safety fund reserve. As the Group has no legal or constructive obligation to pay out these amounts at point of recognition, the amount has been treated as an appropriation of reserves in the equity account. The fund can be used for improvements of safety at the oil exploration projects, and is not available for distribution to shareholders. Upon incurring qualifying safety expenditure, an equivalent amount is transferred from the safety fund reserve to retained earnings.

15 股本溢價和其他儲備

(a) 本集團

		As at December 31, 於十二月三十一日，	
		2010	2009
		二零一零年	二零零九年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Share premium	股本溢價		
Ordinary shares	普通股	826,477	(61,429)
Series A preferred shares	系列A優先股	-	400,878
		826,477	339,449
Capital reserve	資本儲備	(270)	(270)
Share option reserve	購股權儲備	11,584	1,224
Safety fund reserve (i)	安全基金儲備(i)	91,546	63,506
Currency translation reserve	貨幣換算差額	(10,941)	-
Other reserves	其他儲備	91,919	64,460

(i) 安全基金儲備

根據若干有關中國法律及法規，本集團須撥出與其有關年度的生產收入成比例的定額款項作為安全基金儲備。由於本集團並無法律或推定義務須於確認之時支付該等款項，故有關數額已於權益賬內列作一項儲備撥款。該筆資金可用於改善石油開採項目的安全性，但不可用於股利分配。於發生符合條件的安全開支後，一筆等值金額將自安全基金儲備轉撥至留存收益。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

15 Share Premium and Other Reserves (continued)

(b) Company

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Share premium	股本溢價		
Ordinary shares	普通股	826,477	(61,429)
Series A preferred shares	系列A優先股	–	400,878
		826,477	339,449
Capital reserve	資本儲備	1,366,956	1,366,912
Share option reserve	購股權儲備	11,584	1,224
Currency translation reserve	貨幣換算差額	(10,941)	–
		1,367,599	1,368,136

15 股本溢價和其他儲備(續)

(b) 本公司

16 Asset Retirement Obligations

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
At beginning of the year	年初	6,978	4,624
Liabilities incurred (Note 6)	發生的負債(附註6)	2,038	1,991
Accretion expenses	增值費用	254	363
At end of the year	年終	9,270	6,978

16 資產棄置義務

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

17 Deferred Income Tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The offset amounts are as follows:

17 遞延所得稅

當存在可將當期稅項資產與當期稅項負債抵銷的法定可執行權利，且遞延所得稅涉及同一稅務機關時，則可將遞延所得稅資產與遞延所得稅負債相互抵銷。抵銷金額如下：

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Deferred tax assets:	遞延稅項資產：		
Deferred tax assets to be recovered after more than 12 months	將於12個月後收回的遞延稅項資產	5,378	6,480
Deferred tax assets to be recovered within 12 months	將於12個月內收回的遞延稅項資產	1,675	1,675
		7,053	8,155
Deferred tax liabilities:	遞延稅項負債：		
Deferred tax liabilities to be settled after more than 12 months	將於12個月後清還的遞延稅項負債	(12,789)	(92,170)
Deferred tax liabilities to be settled within 12 months	將於12個月內清還的遞延稅項負債	(2,958)	(2,385)
		(15,747)	(94,555)
Total – Deferred income tax liabilities – net	合計 – 遞延所得稅負債 – 淨額	(8,694)	(86,400)

The gross movements in the deferred tax account are as follows:

遞延稅項賬戶的總變動如下：

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
At beginning of the year	年初	(86,400)	(102,770)
Credited to the consolidated statement of comprehensive income	於合併收益表內入帳	77,706	16,370
At end of the year	年終	(8,694)	(86,400)

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

17 Deferred Income Tax (continued)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets

		Asset retirement obligations	Provisions	Other	Total
		資產棄置義務	撥備	其他	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
At January 1, 2009	於二零零九年一月一日	1,156	2,468	13,146	16,770
Credited/(charged) to the consolidated statement of comprehensive income	於合併收益表內入帳/(列支)	588	(2,468)	(6,735)	(8,615)
At December 31, 2009	於二零零九年十二月三十一日	1,744	-	6,411	8,155
Credited/(charged) to the consolidated statement of comprehensive income	於合併收益表內入帳/(列支)	573	-	(1,675)	(1,102)
At December 31, 2010	於二零一零年十二月三十一日	2,317	-	4,736	7,053

Others include mainly the interest expenses incurred in 2007 that are tax deductible over six (6) years as allowed by the local tax authority.

Deferred tax liabilities

		Accelerated tax depreciation
		加速稅項折舊
		RMB'000
		人民幣千元
At January 1, 2009	於二零零九年一月一日	(119,540)
Credited to the consolidated statement of comprehensive income	於合併收益表內列支	24,985
At December 31, 2009	於二零零九年十二月三十一日	(94,555)
Credited to the consolidated statement of comprehensive income	於合併收益表內列支	78,808
At December 31, 2010	於二零一零年十二月三十一日	(15,747)

17 遞延所得稅(續)

遞延稅項資產與負債於年內的變動(不計及同一稅務司法權區結餘的抵銷)如下:

遞延稅項資產

其他主要包括於二零零七年發生的利息開支，經當地稅務機關所容許，可於六(6)年期間內減免稅項。

遞延稅項負債

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

18 Trade and Other Payables

(a) Summary of trade and other payables

18 應付及其他應付款項

(a) 應付及其他應付款項概要

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Financial liabilities	金融負債		
Current	即期		
Trade payables	應付款項	527,319	647,308
Amount due to related parties (Note 29)	應付關聯方款項(附註29)	616	—
Interest payable	應付利息	1,244	459
Derivatives financial instrument premium payable (Note 8)	應付衍生金融工具權利金 (附註8)	33,577	—
Other tax payable	其他應付稅項	22,728	40,820
Special oil levy (Note 21)	石油特別收益金(附註21)	87,939	61,118
Other payables	其他應付款項	45,306	38,647
Non-current	非即期		
Derivatives financial instrument premium payable (Note 8)	應付衍生金融工具權利金 (附註8)	22,385	—
Trade payables	應付款項	115,213	170,235
		856,327	958,587
Non-financial liabilities	非金融負債		
Current	即期		
Salary and welfare payable (i)	應付薪金及福利(i)	56,408	20,283
Total	合計	912,735	978,870
Total current	即期合計	775,137	808,635
Total non-current	非即期合計	137,598	170,235
Total	合計	912,735	978,870

(i) Stock appreciation rights liabilities of RMB21,260,000 (2009: RMB2,260,000) has been included in salaries and welfare payable for the year ended December 31, 2010 (Note 20).

① 股份增值權負債人民幣21,260,000元(二零零九年:人民幣2,260,000元)已計入截至二零一零年十二月三十一日止年度的應付薪金及福利(附註20)。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

18 Trade and Other Payables (continued)

- (b) At December 31, 2009 and 2010, the ageing analysis of the trade and other payable based on invoice date is as follows:

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
< 6 months	少於6個月	608,245	707,559
6 months – 1 year	6個月至1年	212,457	50,246
1 – 2 years	1至2年	50,232	202,667
2 – 3 years	2至3年	35,305	12,219
> 3 years	多於3年	6,496	6,179
Total	合計	912,735	978,870

- (c) The carrying amounts of trade and other payables are denominated in the following currencies:

		As at December 31, 於十二月三十一日	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Renminbi	人民幣	850,813	978,369
United States Dollars	美元	61,922	501
		912,735	978,870

The carrying amounts of trade and other payables approximate their fair values.

18 應付及其他應付款項(續)

- (b) 於二零零九年及二零一零年十二月三十一日，基於發票日期的應付及其他應付款項賬齡分析列示如下：

- (c) 應付及其他應付款項的面值以下列貨幣列值：

應付及其他應付款項的面值與彼等的公允價值相若。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

19 Borrowings

(a) Summary of borrowings

		As at December 31, 於十二月三十一日	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Bank borrowings	銀行借款		
Non-current	非即期	1,191,862	1,242,963
Current	即期	99,341	102,423
Total borrowings	借款總額	1,291,203	1,345,386

In October 2007, MIE entered into a financing arrangement with Standard Bank for a bank facility of US\$150 million (approximately RMB1,125 million) which reduced to zero in 2013. MIE utilized US\$100 million (approximately RMB750 million) in 2007 and further drew down US\$20 million (approximately RMB136 million) in August 2008. This revolving bank facility was amended on January 12, 2009 and the interest rate increased from LIBOR + 2.75% to LIBOR + 5.75%.

The Standard Bank loan was collateralized primarily by MIE's ordinary shares held by FEEL, assignment of MIE's bank account for collection of oil revenue, a charge over the debt service reserve account, the Group's share of entitlement under the PSCs, a fixed charge over the Group's property, plant and equipment and a floating charge over all present and future assets. The Group is required to maintain a debt service reserve account to ensure the payment of interest and principal due under the facility.

On July 28, 2009, MIE entered into a five-year US\$200 million transferrable term loan and revolving credit facility with Citic Ka Wah Bank Limited and China CITIC Bank Corporation Limited Guangzhou Branch ("CITIC Facility"), primarily to repay the Standard Bank loan, fund the development oilfields and for general working capital purposes.

19 借款

(a) 借款概要

於二零零七年十月，MIE與Standard Bank訂立一項融資安排，內容有關銀行融資1.5億美元（約人民幣11.25億元），該項融資於二零一三年減少至零。MIE於二零零七年動用1億美元（約人民幣7.5億元），並於二零零八年八月進一步支取20,000,000美元（約人民幣1.36億元）。該循環銀行融資於二零零九年一月十二日獲修訂，利率由倫敦銀行同業拆息加上2.75厘提升至倫敦銀行同業拆息加上5.75厘。

Standard Bank貸款主要以FEEL所持有的MIE普通股、轉讓MIE用作收取石油收益的銀行賬戶、償債準備金支付賬戶押記、本集團產品分成合同下的權利、本集團物業、廠房及設備的固定押記及所有當前及日後資產的浮動押記作抵押。按照要求，本集團須維持一項償債準備金支付賬戶，以確保支付融資下到期的利息及本金。

於二零零九年七月二十八日，MIE與中信嘉華銀行有限公司及中信銀行股份有限公司廣州分公司訂立一項五年期2.0億美元的定期貸款及可轉換循環信貸融資（「中信融資」），主要用於償還Standard Bank貸款、為開發油田提供資金及作一般營運資金用途。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

19 Borrowings (continued)

(a) Summary of borrowings (continued)

The CITIC Facility includes two long-term term loans and one short-term revolving facility, which can be converted into a term loan towards the end of the third year. The term loans do not require principal repayments for the first three years and the principal repayments are made starting from the 37th month. The term loans under the facility bear an interest rate of LIBOR plus 4.50% per annum. The facility contains the following financial covenants:

- (a) the consolidated tangible net worth, subject to certain adjustments, will be not less than (i) RMB1.0 billion from 2009 to 2011 and (ii) RMB1.5 billion for 2012;
- (b) the ratio of consolidated total borrowing to consolidated tangible net worth, subject to certain adjustments, will not exceed (i) 140% from 2009 to 2010 and (ii) 100% for 2011;
- (c) the ratio of consolidated total borrowings to consolidated EBITDA (as defined in the credit facility agreement) will not exceed (i) 270%, from 2009 to 2010, (ii) 220% from 2011 to 2012 and (iii) 180% for 2013; and
- (d) the total capital expenditure in any financial year will not exceed RMB1.0 billion.

Any failure to maintain these covenants could result in an acceleration of obligations under the CITIC Facility. As at December 31, 2010, the Company did not breach these loan covenants.

The CITIC Facility was secured primarily by 100% of the ordinary shares in MIE held by the Company, 51% of the ordinary shares in the Company held by FEEL and 51% of ordinary shares in FEEL, an assignment of the bank accounts for the collection of oil revenue, the Group's share of entitlement under the PSCs, a charge over the Group's debt service reserve account, and an assignment of the Group's interest in the Group's insurance policies. The Group is required to maintain a debt service reserve account to ensure the payment of interest and principal due under the facility.

19 借款(續)

(a) 借款概要(續)

中信融資包括兩項長期定期貸款及一項短期循環融資，可於第三年末轉換為定期貸款。定期貸款並無規定須於首三年償還本金，且本金乃自第三十七個月起開始償還。融資下的定期貸款按倫敦銀行同業拆息加上4.50厘的年利率計息。融資包括以下財務契諾：

- (a) 有形淨資產總額(經若干調整)不得(i)於二零零九年至二零一一年低於人民幣10億元及(ii)於二零一二年低於人民幣15億元；
- (b) 合併借款總額與有形淨資產總額(經若干調整)的比率不得(i)於二零零九年至二零一零年超過140%及(ii)於二零一一年超過100%；
- (c) 合併借款總額與合併EBITDA(定義見信貸融資協議)的比率不得(i)於二零零九年至二零一零年超過270%，(ii)於二零一一年至二零一二年超過220%及(iii)於二零一三年超過180%；及
- (d) 總資本支出於任何財政年度不得超過人民幣10億元。

若無法維持此等契諾，可能導致加速中信融資項下的義務。截至二零一零年十二月三十一日，本公司並無違反該等貸款契諾。

中信融資主要以本公司所持有MIE的100%普通股、FEEL所持有本公司的51%普通股及FEEL的51%普通股、轉讓用作收取石油收益的銀行賬戶、本集團產品分成合同下的權利、本集團償債準備金支付賬戶押記及轉讓本集團保單的權益作抵押。本集團須維持一項償債準備金支付賬戶，以確保支付融資下到期的利息及本金。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

19 Borrowings (continued)

(a) Summary of borrowings (continued)

MIE drew down US\$122 million (RMB830 million) from the CITIC Facility on July 31, 2009 to repay the loan from Standard Bank. MIE further drew down US\$78 million (RMB546 million) subsequently during the 2009 financial year. There is no unused facility as at December 31, 2009 and 2010.

On November 27, 2010, in connection with the Global Offering, the Group entered into a supplemental deed and other transaction documents relating to the CITIC Facility to restructure the financing arrangement with CITIC Bank International Limited (formerly the CITIC Ka Wah Limited) and CITIC Bank Guangzhou ("the lenders"). Pursuant to the restructuring documents,

- i. the lenders agreed to release the share mortgages of 51% of the ordinary shares in the Company held by FEEL and 51% of the ordinary shares in FEEL held by shareholders of FEEL as security of the credit facility immediately before the Global Offering;
- ii. the Company agreed to provide a corporate guarantee for MIE's obligations under the CITIC Facility contemporaneous with the release of the above mortgages.
- iii. the Group agreed to procure FEEL to continue to be the largest shareholder of the Company, holding not less than 35% of the issued share capital in the Company, and maintain management control of the Company;
- iv. the lenders agreed that, immediately upon the occurrence of the Global Offering, FEEL may dispose up to 7% of the Company's issued share capital held by FEEL either in or after the Global Offering;
- v. the lenders also agreed to increase the capital expenditures allowable for 2011 from RMB1.0 billion to RMB1.288 billion.

The Group paid a waiver fee of US\$6 million pursuant to the restructuring documents. The Group is required to pay a further waiver fee equal to 2.75% of the net amount received by FEEL from its sale of existing shares either in or after the Global Offering.

19 借款(續)

(a) 借款概要(續)

MIE已於二零零九年七月三十一日自中信融資提取1.22億美元(人民幣8.3億元)以償還Standard Bank提供的貸款。MIE隨後於二零零九年財政年度進一步提取78,000,000美元(人民幣5.46億元)。於二零零九年十二月三十一日及二零一零年十二月三十一日，概無未動用融資。

於二零一零年十一月二十七日，為進行全球發售，本集團訂立中信融資之補充契據及其他交易性文件，以修訂與中信銀行國際有限公司及中信銀行廣州(「借款方」)的融資安排。根據修訂後文件：

- i. 借款方同意於緊接全球發售前解除FEEL持有的本公司51%普通股及FEEL股東持有的FEEL 51%普通股作為信貸融資擔保的股份抵押；
- ii. 本公司同意就MIE於信貸融資項下的債務提供公司擔保的同時解除上述股份抵押；
- iii. 本集團同意促使FEEL繼續為本公司最大股東，持有本公司不少於35%已發行股本，並維持對本公司之管理控制；
- iv. 借款方同意緊接著全球發售，FEEL可以出售最多7%其所持有的本公司已發行股本，無論全球發售正在進行或已經結束；
- v. 借款方亦同意將二零一零年的資本支出由人民幣10億元增加至人民幣12.88億元；及；

根據修訂後文件，本集團支付了豁免費用6,000,000美元以解除股份抵押。本集團須支付一筆相等於FEEL於全球發售期間或之後出售其現有股份所收取淨金額2.75%的額外豁免費用。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

19 Borrowings (continued)

(a) Summary of borrowings (continued)

On December 14, 2010, the share mortgages of 51% of the ordinary shares in the Company held by FEEL and 51% of the ordinary shares in FEEL held by shareholders of FEEL as security of the credit facility were released and a corporate guarantee was provided by the Company concurrently with the release of the mortgages.

(b) The effective interest rates at the dates of the consolidated statements of financial position are as follows:

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Effective interest rates on the borrowings	借款實際利率	5.85%	6.56%

(c) The exposure of the Group's borrowings to contractual interest rate changes based on LIBOR + 4.5% at December 31, 2009 and LIBOR + 4.5% at December 31, 2010 are as follows:

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
<1 year	少於1年	99,341	102,423
1-2 years	1至2年	529,816	-
2-5 years	2至5年	662,046	1,242,963
Total borrowings	借款總額	1,291,203	1,345,386

The fair value of the current and non-current portions of borrowings approximates their carrying amounts.

(d) The borrowings are denominated in US dollars.

19 借款(續)

(a) 借款概要(續)

於二零一零年十二月十四日，以FEEL持有的本公司51%普通股及FEEL股東持有的FEEL 51%普通股作為信貸融資擔保的股份抵押已被解除，與此同時本公司已提供公司擔保。

(b) 於有關合併財務狀況表日期，實際利率如下：

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Effective interest rates on the borrowings	借款實際利率	5.85%	6.56%

(c) 本集團的借款所面臨的基於於二零零九年及二零一零年十二月三十一日的倫敦銀行同業拆息加上4.5厘計算的合同利率變動風險如下：

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
<1 year	少於1年	99,341	102,423
1-2 years	1至2年	529,816	-
2-5 years	2至5年	662,046	1,242,963
Total borrowings	借款總額	1,291,203	1,345,386

借款的即期及非即期部分的公允價值與彼等的面值相若。

(d) 借款均以美元計值。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

20 Employee Compensation Costs

20 員工薪酬成本

		Year ended December 31, 截至十二月三十一日止年度，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Wages, salaries and allowances	工資、薪金及津貼	70,829	50,563
Housing subsidies	住房補貼	1,327	1,181
Share options granted	已授購股權	10,360	1,224
Stock appreciation rights granted (Note 18)	已授股份增值權(附註18)	19,069	2,260
Welfare and other expenses	福利及其他費用	8,761	12,423
		110,346	67,651

(a) Directors' emoluments

Directors' emoluments for the year ended December 31, 2009 and 2010 are set out below:

(a) 董事酬金

截至二零零九年及二零一零年十二月三十一日止年度，董事酬金載列如下：

Name of director 董事姓名	Wages, salaries and allowances 工資、薪金及津貼 RMB'000 人民幣千元	Housing subsidies 住房補貼 RMB'000 人民幣千元	Share options granted 已授購股權 RMB'000 人民幣千元	Welfare and other expenses 福利及其他費用 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
For the year ended December 31, 2009	截至二零零九年十二月三十一日止年度				
Zhang Ruilin	4,993	60	-	2	5,055
Zhao Jiangwei	4,521	40	-	2	4,563
Forrest Dietrich	2,820	1,771	312	-	4,903
Allen Mak	3,232	30	417	-	3,679
Sing Wang	-	-	-	-	-
					18,200
For the year ended December 31, 2010	截至二零一零年十二月三十一日止年度				
Zhang Ruilin	3,500	360	-	300	4,160
Zhao Jiangwei	4,692	240	-	200	5,132
Forrest Dietrich	2,537	259	2,836	-	5,632
Allen Mak	5,193	180	3,781	-	9,154
Sing Wang	-	-	-	-	-
					24,078

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

20 Employee Compensation Costs (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2009 and 2010 are as follows:

		Year ended December 31, 截至十二月三十一日止年度，	
		2010 二零一零年	2009 二零零九年
Directors	董事	4	4
Non-director individual	非董事人士	1	1

The details of emoluments paid to the five highest individuals who were directors of the Company during the years ended December 31, 2009 and 2010 have been included in Note (a) above. Details of emoluments paid to the remaining non-director individual are as follows:

		Year ended December 31, 截至十二月三十一日止年度，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Wages, salaries and allowances	工資、薪金及津貼	4,022	1,710
Housing subsidies	住房補助	-	15
Stock appreciation rights granted	已授股份增值權	2,836	110
		6,858	1,835

(c) During the financial year ended December 31, 2010, no director or the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office.

20 員工薪酬成本(續)

(b) 五名最高薪人士

本集團截至二零零九年及二零一零年十二月三十一日止年度五名最高薪人士如下：

		Year ended December 31, 截至十二月三十一日止年度，	
		2010 二零一零年	2009 二零零九年
Directors	董事	4	4
Non-director individual	非董事人士	1	1

本公司截至二零零九年及二零一零年十二月三十一日止年度已付五名最高薪人士中的本公司董事的酬金詳情已載於上文附註(a)。已付餘下非董事人士的酬金詳情如下：

		Year ended December 31, 截至十二月三十一日止年度，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Wages, salaries and allowances	工資、薪金及津貼	4,022	1,710
Housing subsidies	住房補助	-	15
Stock appreciation rights granted	已授股份增值權	2,836	110
		6,858	1,835

(c) 於截至二零一零年十二月三十一日止財政年度期間，概無董事或五名最高薪人士自本集團收取任何酬金作為加入、或在加入或離開本集團時的獎勵或補償或作為離職補償。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

21 Taxes Other than Income Taxes

21 稅項(所得稅除外)

		Year ended December 31, 截至十二月三十一日止年度，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Taxes other than income taxes	稅項(所得稅除外)	289,296	73,308

Taxes other than income taxes mainly represent a special oil levy which is paid or payable by petroleum exploration and development enterprises for the sales of domestic crude oil at a rate variable based on the oil prices. This levy was imposed by the PRC government and became effective from March 26, 2006.

稅項(所得稅除外)主要指由石油開採及開發企業就銷售國產原油按根據石油價格浮動的稅率支付或應付的一項石油特別收益金。該項收益金由中國政府徵收並自二零零六年三月二十六日起生效。

22 Other Losses

22 其他虧損

		Year ended December 31, 截至十二月三十一日止年度，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Net gain on forward foreign exchange contract	外匯遠期合同淨收益	-	5,478
Loss on oil put option (Note 8)	石油認沽期權虧損(附註8)	(44,692)	(136,252)
Others	其他	7,048	(350)
Total	合計	(37,644)	(131,124)

The net gain on the forward foreign exchange contract results from the exchange rate between the US dollar and the RMB being less than the rate set in the contract resulting in a gain of RMB5,478,000 for 2009.

外匯遠期合同淨收益源自美元與人民幣之間的匯率低於合同中所規定者導致的二零零九年收益人民幣5,478,000元。

The net loss of the oil put option in the year ended December 31, 2009 and 2010 is due to the change in fair value of the unrealized portion of the oil put option.

截至二零零九年及二零一零年十二月三十一日止年度，石油認沽期權的淨虧損乃由於石油認沽期權的未變現部分的公允價值變動所致。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

23 Finance Costs – Net

23 財務費用－淨值

		Year ended December 31, 截至十二月三十一日止年度，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Finance income	財務收入		
Interest income from savings accounts	儲蓄賬戶所得利息收入	144	1,552
Exchange gain	匯兌收益	35,200	–
Total finance income	總財務收入	35,344	1,552
Finance costs	財務費用		
Interest expenses	利息開支	86,777	56,498
Bank charges	銀行費用	11	88
Exchange loss	匯兌虧損	–	2,246
Total finance costs	總財務費用	86,788	58,832
Finance costs – net	財務費用－淨值	51,444	57,280

24 Income Tax Expense

24 所得稅開支

		Year ended December 31, 截至十二月三十一日止年度，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Current income tax	即期所得稅	239,411	89,832
Deferred income tax	遞延所得稅	(77,706)	(16,370)
		161,705	73,462

The Company is an exempted company incorporated in the Cayman Islands. Under the laws of Cayman Islands, the Company is not subject to tax on income or capital gain.

Corporate income tax for its operation in China is provided on the basis of statutory profit for financial reporting purposes as defined by the PRC tax authorities, adjusted for income and expense items which are not assessable or deductible for income tax purposes. In accordance with the relevant PRC income tax rules and regulations, the PRC corporate income tax rate applicable to the Group is 25% for years ended December 31, 2009 and 2010.

本公司為一家在開曼群島註冊成立的獲豁免公司。根據開曼群島法例，本公司無須就其收入或資本收益繳納稅項。

與本公司在中國的經營有關的企業所得稅乃根據中國稅務機關就財務申報而界定的法定溢利作出撥備，並根據就所得稅而言無須評稅或不可減免的收入及開支項目作出調整。根據中國所得稅有關法律及法規，截至二零零九年及二零一零年十二月三十一日止年度，適用於本集團的中國企業所得稅率為25%。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

24 Income Tax Expense (continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the corporate income tax rate in the PRC applicable to the Group:

		Year ended December 31, 截至十二月三十一日止年度	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Profit before income tax	除所得稅前溢利	582,569	183,939
Statutory tax rates	法定稅率	25%	25%
Tax calculated at the statutory tax rates	按照法定稅率計算的稅額	145,642	45,985
Tax effect of income not subject to tax	無須繳稅收入的稅務影響	-	(738)
Expenses not deductible for tax purposes	不可扣稅開支	17,115	35,394
Prior year tax filling adjustments	上年度稅項申報的調整	(736)	(7,179)
Additional-deduction for research and development expenses	研究與開發支出加計扣除	(316)	-
Tax charge	稅項支出	161,705	73,462

本集團除所得稅前溢利的稅款與按照本集團適用的中國企業所得稅稅率計算的理論金額的差異如下：

PRC tax regulations require tax to be assessed on activities that are undertaken, executed or managed in the PRC. During the relevant period oil put option gains and losses were not subjected to or deductible for income tax in PRC.

中國稅務法規規定於中國從事，執行或管理的業務均須評稅。於相關期間內，石油認沽期權的損益無須繳納或扣減中國所得稅。

25 Profit Attributable to Equity Holders of the Company

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB217,597,000 (2009: RMB338,501,000)

25 本公司股權持有人應佔溢利

本公司股權持有人應佔溢利列載於公司財務狀況表，總金額為人民幣217,597,000元(二零零九年為人民幣338,501,000元)。

26 Equity Distributions

On July 7, 2009, MIE declared non-cash deemed dividend distribution to the Company amounting to US\$50 million (equal to RMB341,630,000) and the Company declared a non-cash deemed dividend distribution to FEEL amounting to US\$50 million (equal to RMB341,615,000). The non-cash deemed dividend distribution to FEEL was off-set against the outstanding balance of the amount due from FEEL.

26 權益分派

於二零零九年七月七日，MIE向本公司宣派非現金股息分派達50,000,000美元(相等於人民幣341,630,000元)，而本公司向FEEL宣派非現金股息分派達50,000,000美元(相等於人民幣341,615,000元)。向FEEL宣派的非現金股息分派已用作抵銷應收FEEL款項的未償付餘額。

On March 7, 2010, the Company declared a cash dividend of US\$20 million (RMB136,532,000) in favour of all the shareholders of the Company and the dividend was paid on March 9, 2010.

於二零一零年三月七日，本公司以本公司全體股東為受益人宣派現金股息20,000,000美元(人民幣136,532,000元)，已於二零一零年三月九日支付。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

26 Equity Distributions (continued)

On April 9, 2010, the Board ratified the March 31, 2010 non-cash deemed dividend of US\$11.9 million to FEEL, as allowed by the Fourth Amended and Restated Memorandum and Articles of Association of the Company and the Shareholders Agreement, as the non-cash deemed dividend was used to settle the outstanding receivables from FEEL and did not exceed US\$12 million allowed under the Shareholders Agreement.

A dividend in respect of the year ended December 31, 2010 of HK\$0.035 per share, amounting to a total dividend of HK\$92,447,000 (RMB77,933,000), is to be proposed at the annual general meeting on May 6, 2011. These financial statements do not reflect this dividend payable.

26 權益分派(續)

於二零一零年四月九日，根據本公司第四份經修訂及重列組織章程大綱及細則及股東協議的許可，董事會批准二零一零年三月三十一日分派予FEEL的非現金股息11,900,000美元，因為該非現金股息已用作抵銷應收FEEL的未償付款項且根據股東協議並不超過12,000,000美元。

與截至二零一零年十二月三十一日止年度相關的股息將於二零一一年五月六日在全體股東年會上提議。該股息為每股0.035港幣，總額為92,447,000港幣(人民幣77,933,000元)。目前在財務報告上未反映此項應付股息。

27 Cash Generated from Operating Activities

27 經營活動產生的現金

		Year ended December 31, 截至十二月三十一日止年度	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Profit before income tax	除所得稅前溢利	582,569	183,939
Adjustments for:	調整：		
Depreciation, depletion and amortization	折舊、耗損及攤銷	528,582	445,824
Interest expenses – net (Note 23)	淨利息開支(附註23)	86,633	54,946
Unrealized foreign exchange (gain)/loss	未變現外匯(收益)/虧損	(35,200)	2,246
Fair value loss on oil put option	石油認沽期權的公允價值虧損	44,692	207,243
Fair value gain on foreign exchange contract	外匯合同的公允價值收益	–	(25,240)
Changes in working capital:	營運資金變動		
Inventories	存貨	41,023	(22,170)
Trade and other receivables	應收及其他應收款項	86,426	(226,528)
Trade and other payables	應付及其他應付款項	9,509	(581,629)
Cash generated from operations	經營產生的現金	1,344,234	38,631

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

28 Commitments and Contingencies

(a) Commitments

The Group does not have any capital expenditure contracted for at the date of the consolidated statement of financial position.

The Group has operating lease commitments related to its non-cancellable operating leases for offices. The future aggregate minimum lease payments under these operating leases are as follows:

		As at December 31, 於十二月三十一日	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
< 1 years	少於1年	1,296	–
1-2 year	1至2年	1,500	–
		2,796	–

Lease expenses for the year ended December 31, 2010 relates to office and car rental of RMB6,591,000 (2009: RMB7,777,000).

(b) Contingencies

On August 28, 2000, MIE entered into a PSC with Sinopec for exploration and development of Luojiayi 64 block at Shengli oilfield in Shandong Province. In 2000, MIE began the trial-development phase of its operations at Luojiayi 64 block at Shengli and drilled a dry hole. The project has been suspended since the end of 2004. In April 2005, MIE requested an extension from Sinopec to restart the project at Shengli. On September 27, 2006, MIE received a letter from Sinopec denying the request to restart the project and seeking to terminate the PSC on the grounds that the extension period of the trial-development phase had expired and MIE had not met its investment commitment of at least US\$2 million under the PSC. MIE believes its investment in the project at Luojiayi 64 block at Shengli oilfield had met the required commitment amount under the PSC. The PSC with Sinopec has not been formally terminated and the dispute has not entered any judicial proceedings.

28 承諾及或有負債

(a) 承諾

本集團不存在任何於合併財務狀況表日期已簽訂合同的資本支出。

本集團擁有與辦公室不可撤銷經營租約有關的經營租約承諾。經營租約項下的未來最低租賃付款額如下：

		As at December 31, 於十二月三十一日	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
< 1 years	少於1年	1,296	–
1-2 year	1至2年	1,500	–
		2,796	–

截至二零一零年十二月三十一日止年度的租賃開支為辦公室及汽車租金人民幣6,591,000元(二零零九年：人民幣7,777,000元)。

(b) 或有負債

於二零零零年八月二十八日，MIE與中石化訂立產品分成合同，以勘探及開發位於山東省勝利油田的羅家義64區塊。於二零零零年，MIE於勝利羅家義64區塊展開試驗開發階段並已鑽得一口幹眼。該項目已自二零零零年末起被擱置。於二零零五年四月，MIE已向中石化要求延長期限以重新啟動於勝利的項目。於二零零六年九月二十七日，MIE接獲中石化否決其重新啟動該項目要求的函件，且中石化以實驗開發階段延長期限已到期及MIE並未履行產品分成合同中至少2,000,000美元的投資承諾為由，要求終止產品分成合同。MIE相信其於勝利油田羅家義64區塊項目中的投資已符合產品分成合同所規定的承諾金額。與中石化的產品分成合同並未正式終止且糾紛並未進入任何司法程序。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

29 Related Party Transactions

The Group is controlled by FEEL, which owns 53.56% of the Company's shares and is also the ultimate parent of the Group. The ultimate controlling parties of the Group are Mr. Zhang Ruilin and Mr. Zhao Jiangwei.

The remaining 46.44% of the shares are held by TPG (8.02%), Harmony Energy (8.99%), TPG LLC (0.72%) and other public shareholders.

(a) The following transactions and balances were carried out with related parties:

29 與關聯方的交易

本集團受FEEL直接控制。FEEL擁有本公司股本的53.56%，並且是本集團的最終母公司。本集團的最終控制方為張瑞霖先生和趙江巍先生。

剩餘46.44%的股本由TPG(持有8.02%)，Harmony Energy(持有8.99%)，TPG LLC(持有0.72%)及其他大眾股東分別持有。

(a) 與關聯方的交易及結餘如下：

		Year ended December 31, 截至十二月三十一日止年度，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Transactions with PSC partners	與產品分成合同夥伴的交易		
<i>Global Oil Corporation</i>	<i>澳大利亞環球石油公司</i>		
Amounts received on behalf of GOC arising from the PSCs	根據產品分成合同代表 澳大利亞環球石油 收取的款項	202,256	112,288
Loan granted to GOC	授予澳大利亞環球石油的貸款	91,586	21,733
Cost incurred on behalf of GOC from PSCs	根據產品分成合同代表 澳大利亞環球石油 所支付的成本	146,211	95,631
<i>PetroChina</i>	<i>中石油</i>		
Sales to PetroChina	對中石油的銷售額	1,804,976	1,166,827
Cost incurred on behalf of PetroChina from PSCs	根據產品分成合同代表中石油所 支付的成本	140,062	107,952
Transactions with a company/person related to the controlling shareholder of FEEL	與FEEL控股股東有關的 關聯公司/人士的交易		
<i>Jilin Guotai Petroleum Development Company*</i>	<i>吉林省國泰石油開發 有限公司*</i>		
Purchases of materials and spare parts	採購物料及零件	525	324
Purchases of oil well services	購買鑽井服務	108,631	77,318
Rental of vehicles	汽車的租金	2,298	3,613
<i>Zhao Jiangbo</i>	<i>趙江波</i>		
Rental of office premise	辦公室物業租金	1,126	1,308
Rental of vehicles	汽車租金	3,276	4,344

* The amounts disclosed above represents gross amount transacted between the MIE, acting as operator for the 3 oilfields in Jilin, with the related companies. Jilin Guotai Petroleum Development Company is controlled by Zhao Jiangbo, spouse Mr. Zhang Ruilin.

* 以上所披露的金額為MIE(作為於吉林三個油田的作業者)與關聯公司交易的總額。吉林省國泰石油開發有限公司為張瑞霖先生的配偶趙江波女士所控制。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

29 Related Party Transactions (continued)

29 與關聯方的交易(續)

(b) Amounts due from related parties included in trade and other receivables:

(b) 計入應收及其他應收款項的應收關聯方款項：

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Amounts due from related companies and PSC partners	應收關聯公司及產品分成合同夥伴的款項		
Current	即期		
United Petroleum USA, LLC* (non-trade) (Note 9)	United Petroleum USA, LLC* (非貿易)(附註9)	—	1,569
Global Oil Corporation (non-trade) (Note 9)	澳大利亞環球石油公司(非貿易)(附註9)	137,590	55,901
PetroChina (trade) (Note 9)	中石油(貿易)(附註9)	170,984	212,152
PetroChina (non-trade) (Note 9)	中石油(非貿易)(附註9)	33,225	17,968
		341,799	287,590
Non-current	非即期		
Global Oil Corporation (non-trade) (Note 9)	澳大利亞環球石油公司(非貿易)(附註9)	24,212	70,360
		366,011	357,950
Advance to Supplier	向供貨商作出墊款		
Jilin Guotai Petroleum Development Company (trade) (Note 9)	吉林省國泰石油開發有限公司(貿易)(附註9)	45,283	38,673

* United Petroleum USA, LLC is a fellow subsidiary of the Company and the Group paid miscellaneous fees on its behalf in the United States. The amount has been repaid during the year.

* United Petroleum USA, LLC 為本公司同系附屬公司，且本集團已代表其支付於美國的雜項費用。

The above balances represent trade and unbilled receivables from PetroChina from sale of crude oil to PetroChina pursuant to the PSCs, advances to related companies which arise mainly from amounts received on behalf of the other PSC partners, expenditures incurred by the Group on behalf of other PSC partners pursuant to the PSCs, and purchase transactions with related parties.

上述結餘為按照產品分成合同向中石油銷售石油產生的未結算應收中石油款項、向關聯公司作出的預付、按照產品分成合同本集團代表其他產品分成合同夥伴所發生的支出，以及與關聯公司發生的採購交易。其中預付主要來自代表其他產品分成合同夥伴所收取的款項。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

29 Related Party Transactions (continued)

- (c) Amounts due to related companies included in trade and other payables:

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Amounts due to other related parties 應付其他關聯方的款項			
Zhao Jiangbo (non-trade) (Note 18)	趙江波(非貿易)(附註18)	616	–

The above balance with Zhao Jiangbo, spouse of controlling shareholder of FEEL, arose from rental of vehicles and office premises.

上述趙江波(FEEL控股股東的配偶)的結餘來自汽車及辦公室物業的租金。

- (d) Amounts due from FEEL:

		As at December 31, 於十二月三十一日，	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Amount due from FEEL (non-trade)	應收FEEL的款項(非貿易)		
(Note 12)	(附註12)	–	81,074

The amount as at December 31, 2009 is unsecured and interest free. The amount due from FEEL as at December 31, 2009 was settled on March 31, 2010 by non-cash deemed dividend of US\$11.9 million (Note 12 and Note 26).

於二零零九年十二月三十一日的款項為無抵押及免息。於二零零九年十二月三十一日應收FEEL的款項已於二零一零年三月三十一日以11,900,000美元的非現金股息結清(附註12及附註26)。

- (e) Guarantee given in favour of a related party

In 2009, MIE pledged RMB29.4 million to a bank to provide a guarantee of a bank loan to the same related party. The pledged deposit has subsequently been released in September 2009.

- (e) 作出以關聯方為受益人的擔保

於二零零九年，MIE向銀行額外抵押人民幣29,400,000元，以就同一關聯方所獲的銀行貸款作出擔保。該抵押存款已於二零零九年九月解除。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

29 Related Party Transactions (continued)

29 與關聯方的交易(續)

(f) Key management compensation is presented below:

(f) 主要管理人員酬金載列如下：

		Year ended December 31, 截至十二月三十一日止年度，	
		2010	2009
		二零一零年	二零零九年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Expenses	開支		
Short-term benefits:	短期利益		
– Salaries	– 薪金	21,032	10,457
– Bonuses	– 紅利	6,675	7,842
– Share options and share appreciation rights granted	– 授予的購股權及股份增值權	15,937	180
– Benefits in-kind	– 其他福利	2,021	439
Total	總計	45,665	18,918
Accrued liability	累計負債		
Short-term benefits:	短期利益		
– Bonuses	– 紅利	6,675	7,843
		6,675	7,843

Bonuses fall due wholly within twelve months after the end of the period in which management rendered the related services.

紅利將於管理人員提供相關服務期間後十二個月內全數到期。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

30 Earnings per Share

(a) Basic

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

30 每股盈利

(a) 基本

每股基本盈利乃按本公司股權持有人應佔淨溢利除以年內已發行普通股的加權平均數計算得出。

		Year ended December 31, 截至十二月三十一日止年度	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Net profit attributable to equity holders of the Company	本公司股權持有人應佔淨溢利	420,864	110,477
Adjustment for:	調整：		
Dividends entitled by Series A preferred shares	系列A優先股應享股息	(82,823)	(10,311)
Dividends entitled by Series B preferred shares	系列B優先股應享股息	(48,082)	—
		289,959	100,166
Weighted average number of ordinary shares (thousands)	加權平均普通股數目(千股)	1,538,264	1,800,339
Earnings per share, Basic (RMB per share)	每股基本盈利(每股人民幣)	0.19	0.06

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Prior to Company's Global Offering on December 14, 2010, the Company had two categories of dilutive potential ordinary shares: convertible preferred shares and share options. The convertible preferred shares are assumed to be converted into ordinary shares at the later of, beginning of the relevant year or date of issuance. For share options, a calculation is performed to determine the number of ordinary shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the weighted average number of outstanding share options. Subsequent to the Company's Global Offering, the Company only has share options outstanding which are potentially dilutive.

(b) 攤薄

每股攤薄盈利乃假設所有攤薄潛在普通股獲兌換後，經調整已發行普通股的加權平均數計算。於二零一零年十二月十四日本公司全球發售以前，本公司有兩類攤薄潛在普通股：於相關年度年初或實際發行日兩者之中較晚日期存在的可換股優先股及購股權。可換股優先股乃假定可轉換為普通股。至於購股權，根據未行使購股權的加權平均數所附認購權的貨幣價值，釐定可能已按公允價值(即本公司股份的平均年度市價)購入的普通股數目。在本公司全球發售之後，本公司僅有尚未行使之購股權具有潛在稀釋效應。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

30 Earnings per Share (continued)

(b) Diluted (Continued)

The number of ordinary shares calculated as above for earnings per share, basic is increased by the number of ordinary shares that would have been issued assuming the exercise of the share options and conversion of preferred shares at the later of, beginning of the relevant year or date of issuance.

30 每股盈利(續)

(b) 攤薄(續)

按以上基本每股盈利方式計算的普通股數目，需加上假設購股權和優先股於相關年度年初或實際發行日兩者之中較晚日期獲行使或轉換而發行的普通股數量。

Year ended December 31,
截至十二月三十一日止年度，

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Net profit attributable to equity holders of the Company	本公司股權持有人應佔淨溢利	420,864	110,477
Net profit used to determine diluted earnings per share	用於釐定每股攤薄盈利的淨溢利	420,864	110,477
Weighted average number of ordinary shares (thousands)	加權平均普通股數目(千股)	1,538,264	1,800,339
Adjustments for:	調整：		
– Assumed conversion of convertible preferred shares (thousands)	– 假設轉換可換股優先股(千股)	684,284	198,812
– Share options (thousands)	– 購股權(千份)	9,919	471
Weighted average number of diluted potential ordinary shares for diluted earnings per share (thousands)	為計算每股攤薄盈利的攤薄潛在普通股加權平均數(千股)	2,232,467	1,999,622
Earnings per share, Diluted (RMB per share)	每股攤薄盈利(每股人民幣)	0.19	0.06

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

31 Subsequent Events

(a) Incorporation of subsidiaries

On February 8, 2011, Palaeontol Coöperatief U.A. was incorporated in the Netherlands as a cooperative with no liability with 99% held by MIE New Ventures Corporation and 1% held by MIE.

On February 11, 2011, Palaeontol B.V. was incorporated in the Netherlands as an investment holding company with limited liability and wholly owned by Palaeontol Coöperatief U.A.. The authorized share capital of the Palaeontol B.V. is 90,000 euros and is divided into 90,000 ordinary shares of one euro each.

(b) Acquisition of participating interest in oilfield in Kazakhstan.

On February 14, 2011, Palaeontol B.V. ("the Purchaser"), a wholly-owned subsidiary of the Company, entered into a purchase agreement with BMB Munai, Inc. ("the Seller"), which is a Nevada corporation listed on the American Stock Exchange and an independent third party, pursuant to which the Purchaser conditionally agreed to acquire all right, title and interest relating to certain oilfields in Kazakhstan held by Emir-Oil LLC ("Target Company") and all right, title and interest in and to the loans made by the Seller to the Target Company for an aggregate consideration of US\$170 million (subject to adjustment). The closing of the transaction is subject to the fulfilment of a number of conditions precedents.

31 結算日後事項

(a) 成立子公司

於二零一一年二月八日，Palaeontol Coöperatief U.A. 在荷蘭註冊成立，該子公司為合作企業且無負債，MIE New Ventures Corporation 和 MIE 分別對其持股 99% 和 1%。

於二零一一年二月十一日，Palaeontol B.V. 在荷蘭註冊成立，該子公司為有限責任的投資控股公司，由 Palaeontol Coöperatief U.A. 全資擁有。Palaeontol B.V. 公司的已授權股本金額為 90,000 歐元，由每股 1.0 歐元的 90,000 股普通股構成。

(b) 收購哈薩克斯坦油田參與權益

於二零一一年二月十四日，本公司的全資子公司 Palaeontol B.V. 公司(「買方」)與美國內華達州的獨立第三方公司 BMB Munai, Inc. 公司(在美國證券交易所上市交易，「賣方」)達成一項收購協議。根據協議，買方以總額 1.7 億美元(待調整)(「對價」)的對價有條件地同意收購 Emir-oil LLC 公司(「目標公司」)持有的位於哈薩克斯坦若干油田的權利、所有權和利益，以及與賣方給予目標公司貸款相關的所有權利、所有權和利益。該交易的完成尚待滿足一系列先決條件。

Notes to the Consolidated Financial Statements (continued)

合併財務報表附註(續)

31 Subsequent Events (continued)

(b) Acquisition of participating interest in oilfield in Kazakhstan. (Continued)

The Company has granted Acap Limited, which is providing general consulting services to the Company in relation to above acquisition, a right to co-invest with the Company or its associates for up to 9.9% of the assets acquired in the acquisition, on the same term and condition under the Purchase Agreement within 36 months from the closing of the transaction. The Company also agreed to pay certain fees to Acap Limited, including a monthly retainer and a success fee equating to 2.5% of the consideration payable on closing date and, in the event that the Seller or its affiliates fail to consummate the acquisition with the Company or its affiliates, a break-up fee equating to 10% of any fees or compensation received or to be received by the Company.

(c) Proposed dividend

A dividend in respect of the year ended December 31, 2010 of HK\$0.035 per share, amounting to a total dividend of HK\$92,447,000 (RMB77,933,000) is to be proposed at the annual general meeting on May 6, 2011. These financial statements do not reflect this dividend payable (Note 26).

31 結算日後事項(續)

(b) 收購哈薩克斯坦油田參與權益(續)

本公司授予為上述收購提供一般諮詢服務的Acap Limited與本公司或本公司之關聯公司自交易完成之日起36個月內按照與收購協議相同的條款和條件共同投資不超過9.9%的被收購資產的權利。本公司同意向Acap Limited公司支付若干費用，包括月度定金和相當於結束日應付對價金額2.5%的成功費，以及倘若賣方或其關聯公司無法促成本公司或其關聯公司完成此項收購，相當於本公司所獲得或將會獲得的任何費用或賠償金額10%的終止費。

(c) 提議分派股息

與截至二零一零年十二月三十一日止年度相關的股息將於二零一一年五月六日在全體股東年會上提議。該股息為每股0.035港幣，總額為92,447,000港幣(人民幣77,933,000元)。目前在財務報告上未反映此項應付股息(附註26)。

