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中國油氣控股有限公司

SINO OIL AND GAS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 702)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

The board of directors (the “Board”) of Sino Oil and Gas Holdings Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2011 were as follows:

中國油氣控股有限公司(「本公司」)董事會(「董事會」)宣佈，本公司及其附屬公司(統稱「本集團」)截至2011年6月30日止六個月之未經審核綜合業績如下：

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011
(Expressed in Hong Kong Dollars)

綜合全面收益表

截至2011年6月30日止六個月
(以港元計算)

		Notes 附註	2011 (unaudited) (未經審核) HK\$' 000 千港元	2010 (unaudited) (未經審核) HK\$' 000 千港元
Turnover	營業額	5	15,861	9,779
Direct cost	直接成本		(12,826)	(7,006)
Gross profit	毛利		3,035	2,773
Other revenue	其他收入	6	24	1,863
Other (loss) and gain, net	其他(虧損)及收益淨額	7	(15)	24
Administrative expenses	行政費用		(16,543)	(36,963)
Loss from operations	經營虧損		(13,499)	(32,303)
Finance costs	融資成本		(209)	(250)
Share of loss of a jointly controlled entity	應佔一家共同控權合資公司虧損		(1,871)	(569)
Loss before income tax expenses	除稅前虧損	8	(15,579)	(33,122)
Income tax expenses	所得稅支出	9	—	—
Loss for the period	本期虧損		(15,579)	(33,122)
Other comprehensive income, after tax	其他全面收益，除稅後			
Exchange difference on translating foreign operation	換算海外業務之匯兌差異		6,567	2,227
Total comprehensive income for the period	本期全面收益總額		(9,012)	(30,895)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

For the six months ended 30 June 2011
(Expressed in Hong Kong Dollars)

綜合全面收益表(續)

截至2011年6月30日止六個月
(以港元計算)

			2011 (unaudited) (未經審核) HK\$' 000 千港元	2010 (unaudited) (未經審核) HK\$' 000 千港元
	Notes 附註			
Loss attributable to:		以下人士應佔虧損：		
– Owners of the Company		– 本公司擁有人	(15,579)	(33,092)
– Non-controlling interests		– 非控股權益	–	(30)
			<u>(15,579)</u>	<u>(33,122)</u>
Total comprehensive income attributable to:		以下人士應佔總全面收益：		
– Owners of the Company		– 本公司擁有人	(9,012)	(30,865)
– Non-controlling interests		– 非控股權益	–	(30)
			<u>(9,012)</u>	<u>(30,895)</u>
			HK\$ 港元 (cents) (仙)	HK\$ 港元 (cents) (仙)
Loss per share – Basic		每股虧損 – 基本	11 (0.170)	(0.674)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011
(Expressed in Hong Kong Dollars)

綜合財務狀況表

於2011年6月30日
(以港元計算)

			30.06.2011 (Unaudited) (未經審核) HK\$'000 千港元	31.12.2010 (audited) (經審核) HK\$'000 千港元
	Notes 附註			
ASSETS AND LIABILITIES		資產及負債		
Non-current assets		非流動資產		
Property, plant and equipment	12	物業、廠房及設備	91,466	89,199
Gas exploration and evaluation assets	13	天然氣勘探及評估資產	2,737,324	2,598,644
Intangible assets	14	無形資產	49,824	49,219
Goodwill		商譽	4,230	4,230
Investment in a jointly controlled entity	15	於一家共同控權合資公司之權益	5,077	6,948
Deposits paid		已付按金	2,355	2,355
			2,890,276	2,750,595
Current assets		流動資產		
Inventories		存貨	295	—
Trade and other receivables, deposits and prepayments	16	應收賬款、其他應收款項、按金及預付款項	34,962	72,738
Notes receivable	17	應收票據	135,000	135,000
Other assets	18	其他資產	223,264	222,458
Cash and cash equivalents		現金及現金等價物	24,406	242,529
			417,927	672,725
Total assets		總資產	3,308,203	3,423,320
Current liabilities		流動負債		
Other payables and accruals	19	其他應付款項及預提費用	(757,304)	(878,952)
Taxation		稅項	(1,005)	(895)
			(758,309)	(879,847)
Net current liabilities		流動負債淨額	(340,382)	(207,122)
Total assets less current liabilities		總資產減流動負債	2,549,894	2,543,473
Non-current liabilities		非流動負債		
Deferred tax liabilities		遞延稅項負債	(15,098)	(15,098)
NET ASSETS		資產淨值	2,534,796	2,528,375
Capital and reserves attributable to owners of the Company		本公司擁有人應佔資本及儲備		
Share capital	20	股本	92,070	91,414
Reserves		儲備	2,442,726	2,436,961
Equity attributable to owners of the Company		本公司擁有人應佔權益	2,534,796	2,528,375
Non-controlling interests		非控股權益	—	—
TOTAL EQUITY		總權益	2,534,796	2,528,375

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011 – unaudited
(Expressed in Hong Kong Dollars)

綜合權益變動表

截至2011年6月30日止六個月－未經審核
(以港元計算)

		Attributable to owners of the Company 本公司股權持有人應佔									Non- controlling interests	Total equity		
		Share capital	Share premium	Contributed surplus	Share option reserve	Convertible				Total				
						Warrant reserve	note reserve	equity reserve	Exchange reserve				Capital reserve	Accumulated losses
股本	股份溢價	繳納盈餘	儲備	認股權證 儲備	可換股票據 股本儲備	匯兌儲備	資本儲備	累計虧損	總計	非控股權益	總權益			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元		
At 1 January 2011	於2011年1月1日	91,414	1,935,448	81,043	32,366	4,990	780,000	16,797	-	(413,683)	2,528,375	-	2,528,375	
Total comprehensive income for the period	本期全面收益總額	-	-	-	-	-	-	6,567	-	(15,579)	(9,012)	-	(9,012)	
Shares issued under share option scheme	按購股權計劃發行之股份	556	17,831	-	(5,154)	-	-	-	-	-	13,233	-	13,233	
Shares issued on exercise of warrants	行使認股權證而發行之股份	100	2,200	-	-	(100)	-	-	-	-	2,200	-	2,200	
At 30 June 2011	於2011年6月30日	92,070	1,955,479	81,043	27,212	4,890	780,000	23,364	-	(429,262)	2,534,796	-	2,534,796	
At 1 January 2010	於2010年1月1日	43,861	397,978	81,043	21,132	-	9,489	9,725	7,741	(422,819)	148,150	141	148,291	
Total comprehensive income for the period	本期全面收益總額	-	-	-	-	-	-	2,227	-	(33,092)	(30,865)	(30)	(30,895)	
Shares issued on placing	按配售發行之股份	16,240	321,812	-	-	-	-	-	-	-	338,052	-	338,052	
Shares issued under share option scheme	按購股權計劃發行之股份	4,425	59,883	-	(6,590)	-	-	-	-	-	57,718	-	57,718	
Issue of share options	發行購股權	-	-	-	19,200	-	-	-	-	-	19,200	-	19,200	
Issue of warrants	發行認股權證	-	-	-	-	6,000	-	-	-	-	6,000	-	6,000	
Shares issued on exercise of warrants	行使認股權證而發行之股份	210	4,620	-	-	(210)	-	-	-	-	4,620	-	4,620	
Reversal for contribution from controlling owner in the form of interest free loans	控股股東以免息貸款形式作出之注資回撥	-	-	-	-	-	-	-	(3,961)	-	(3,961)	-	(3,961)	
At 30 June 2010	於2010年6月30日	64,736	784,293	81,043	33,742	5,790	9,489	11,952	3,780	(455,911)	538,914	111	539,025	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2011
(Expressed in Hong Kong Dollars)

簡明綜合現金流量表

截至2011年6月30日止六個月
(以港元計算)

		2011 (Unaudited) (未經審核) HK\$'000 千港元	2010 (Unaudited) (未經審核) HK\$'000 千港元
Net cash used in operating activities	經營業務所用之現金淨額	(17,907)	(15,517)
Net cash used in investing activities	投資活動所用之現金淨額	(216,596)	(1,585)
Net cash used before financing activities	融資活動前所用之現金淨額	(234,503)	(17,102)
Net cash generated from financing activities	融資活動所產生之現金淨額	16,619	376,291
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物(減少)/增加淨額	(217,884)	359,189
Effect of foreign exchange rate changes on cash and cash equivalents	現金及現金等價物匯率變動之影響	(239)	(18)
Cash and cash equivalents at 1 January	於1月1日之現金及現金等價物	242,529	10,535
Cash and cash equivalents at 30 June	於6月30日之現金及現金等價物	24,406	369,706
Analysis of the balances of cash and cash equivalents	現金及現金等價物之分析		
Bank and cash balances	現金及銀行結餘	24,406	369,706

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

1. GENERAL

The Company was incorporated as an exempted company with limited liability in Bermuda on 2 November 1999 under the Companies Act 1981 of Bermuda (as amended) and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 9 February 2000. The registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Suite 3707-3708, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, respectively.

2. BASIS OF PREPARATION

The interim financial report of the Company and its subsidiaries (collectively the “Group”) has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with the Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. This interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2010 annual financial statements. The consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

This interim financial report is unaudited, but has been reviewed by the Company’s Audit Committee.

財務報表附註

(以港元計算)

1. 一般資料

本公司根據百慕達一九八一年公司法(修訂本)於1999年11月2日在百慕達註冊成立為受豁免有限公司，其股份於2000年2月9日於香港聯合交易所有限公司主板上市。本公司之註冊辦事處及主要營業地點分別位於Clarendon House, 2 Church Street, Hamilton HM11, Bermuda及香港干諾道中168-200號信德中心西座3707-3708室。

2. 編製基準

本公司及其附屬公司(統稱「本集團」)之中期財務報告乃按照香港聯合交易所有限公司證券上市規則(「上市規則」)適用之披露條文編製，並符合香港會計師公會(「香港會計師公會」)頒佈之「香港會計準則」第34號—「中期財務報告」之規定。管理層在編製符合香港會計準則第34號規定之中期財務報告時所作之判斷、估計及假設，會影響會計政策之應用及按目前情況為基準計算之經匯報資產與負債、收入及支出之金額。實際業績可能有別於該等估計。本中期財務報告包括綜合財務報表及部分附註。附註闡述了自2010年年度財務報表刊發以來，在瞭解本集團之財務狀況變動及表現方面確屬重要之事件及交易。此綜合中期財務報表及附註沒有包括按照「香港財務報告準則」規定編製完整財務報表所需之全部資料。

本中期財務報告雖未經審核，但已由本公司審核委員會審閱。

2. BASIS OF PREPARATION (Continued)

The financial information relating to the financial year ended 31 December 2010 that is included in this interim financial report as being previously reported information does not constitute the Group's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2010 are available from the Company's head office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 25 March 2011.

3. SIGNIFICANT ACCOUNTING POLICIES

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, which have been prepared in accordance with all applicable HKFRSs, which collectively term includes all applicable individual HKFRSs, HKASs and interpretation issued by HKICPA, accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules.

The HKICPA has issued a number of amendments, new and revised HKFRSs, which term collectively included HKASs and Interpretations that are first effective or available for early adoption for accounting periods beginning on or after 1 January 2011. Of these, the following developments are relevant to the Group's financial statements:

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HK(IFRIC)-Int 14 (Amendment)	Prepayment of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instrument

2. 編製基準 (續)

本中期財務報告所載截至2010年12月31日止財政年度之財務資料為已匯報之資料，並不構成本集團該財政年度之法定財務報表，但資料則源自有關財務報表。截至2010年12月31日止年度之法定財務報表可於本公司之總辦事處索取。本公司核數師已在2011年5月25日之核數師報告中對該等財務報表表達無保留意見。

3. 主要會計政策

本中期財務報告按照2010年年度財務報表所採用之會計政策編製。2010年年度財務報表則按照所有適用之香港財務報告準則編製，包括香港會計師公會頒佈之所有適用之個別香港財務報告準則、香港會計準則及詮釋、香港公認會計原則，香港公司條例以及上市規則之披露規定。

香港會計師公會已頒佈若干修正「新訂及經修訂香港財務報告準則」(此統稱包括「香港會計準則」及詮釋)，於2011年1月1日或其後開始之會計期間首次生效，或可供提早採納。其中與本集團財務報表有關之事項如下：

香港財務報告準則(修訂本)	2010年香港財務報告準則之改進
香港會計準則24號(經修訂)	關連人士披露
香港財務報告準則第1號(修訂本)	首次採納者對香港財務報告準則第7號披露之比較數字之有限度豁免
香港(國際財務報告詮釋委員會)－詮釋第14號(修訂本)	最低資金規定之預付款項
香港(國際財務報告詮釋委員會)－詮釋第19號	以股本工具抵銷財務負債

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

4. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDING 31 DECEMBER 2011

Up to the date of issue of this interim financial report, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period ending 31 December 2011 and which have not been adopted in this interim financial report.

Of these developments, the following relate to matters that may be relevant to the Group's operations and financial statements:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ³
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ²
HKAS 19 (Revised in 2011)	Employee Benefits ⁴
HKAS 27 (Revised in 2011)	Separate Financial Statements ⁴
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures ⁴
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ¹
HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets ¹
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ⁴
HKFRS 11	Joint Arrangements ⁴
HKFRS 12	Disclosures of Interests in Other Entities ⁴
HKFRS 13	Fair Value Measurement ⁴

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

Management is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that while the adoption of them may result in new or amended disclosures, it is unlikely to have a significant impact on the Group's results of operations and financial position.

財務報表附註

(以港元計算)

4. 已頒佈但在截至2011年12月31日止年度會計期間尚未生效之修訂、新準則及詮釋之可能影響

截至本中期財務報告刊發日，香港會計師公會已頒佈若干在截至2011年12月31日止會計期間尚未生效，亦沒有在本中期財務報告採用之修訂、新準則及詮釋。

在這些變動中，下列事宜可能與本集團之經營及財務報表有關：

香港會計準則第1號(修訂本)	呈列其他全面收益項目 ³
香港會計準則第12號(修訂本)	遞延稅項：收回相關資產 ²
香港會計準則第19號 (於2011年經修訂)	僱員福利 ⁴
香港會計準則第27號 (於2011年經修訂)	獨立財務報表 ⁴
香港會計準則第28號 (於2011年經修訂)	於聯營公司及合資公司之投資 ⁴
香港財務報告準則第1號(修訂本)	嚴重惡性通貨膨脹及剔除首次採納者之固定日期 ¹
香港財務報告準則第7號(修訂本)	披露—轉讓財務資產 ¹
香港財務報告準則第9號	財務工具 ⁴
香港財務報告準則第10號	綜合財務報表 ⁴
香港財務報告準則第11號	共同安排 ⁴
香港財務報告準則第12號	於其他實體權益之披露 ⁴
香港財務報告準則第13號	公平值計量 ⁴

¹ 於2011年7月1日或之後開始之年度期間生效

² 於2012年1月1日或之後開始之年度期間生效

³ 於2012年7月1日或之後開始之年度期間生效

⁴ 於2013年1月1日或之後開始之年度期間生效

管理層正在評估這些修訂、新準則及新詮釋對初始採用期間之影響。暫時之結論是，雖然採納這些修訂、新準則及新詮釋可能導致新增或需修訂披露，但對本集團之經營業績及財務狀況應該不會有重大影響。

5. TURNOVER AND SEGMENT REPORTING

The Group determines its operating segments based on the internal financial and operational reports that are provided to and reviewed by the Group's chief operating decision maker in order to allocate resources and assess performance of the segments.

The Group has two (2010: two) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- i) Oil and gas exploitation: Exploitation and sale of crude oil and natural gas.
- ii) Coalbed methane: Exploration, development and production of coalbed methane.

There are no sales or trading transactions between the business segments. Corporate revenue and expenses are not allocated to the operating segments as they are not included in the measurement of the segments' results used by the chief operating decision-maker in the assessment of segment performance.

5. 營業額及分部報告

本集團根據集團給經營決策者審閱之內部財務及營運報告用以作出資源分配及評估分部表現。

本集團擁有兩個(2010年：兩個)報告分部。由於各自業務提供不同產品及服務並需要不同業務策略，故分部須獨立管理。以下為本集團各報告分部之營運概要：

- i) 石油及天然氣開採：開採及銷售原油及天然氣
- ii) 煤層氣：勘探、開發及生產煤層氣

業務分部間並無出售或買賣交易。企業收入及開支不分配至各經營分部，原因在於主要經營決策者評估分部表現之業績計算並無包括有關收益及開支在內。

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

財務報表附註

(以港元計算)

5. TURNOVER AND SEGMENT REPORTING (Continued)

Segment information about these businesses is set out as follows:

5. 營業額及分部報告 (續)

有關該等業務之分部資料載列如下：

For the period ended 30 June 2011

截至2011年6月30日止期間

		Oil and gas Exploitation 石油及 天然氣開採 HK\$'000 千港元	Coalbed methane 煤層氣 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Consolidated 綜合 HK'000 千港元
Turnover	營業額				
Revenue from external customers	來自外界客戶之收入	15,861	–	–	15,861
Segments results ¹	分部業績 ¹	1,716	(1,546)	(13,669)	(13,499)
Finance costs	融資成本	(56)	(150)	(3)	(209)
Share of loss of a jointly controlled entity ²	應佔一家共同控權合資公司虧損 ²	–	–	(1,871)	(1,871)
Profit/(loss) before income tax expenses	除所得稅支出前溢利／(虧損)	1,660	(1,696)	(15,543)	(15,579)
Income tax expenses	所得稅支出	–	–	–	–
Profit/(loss) for the period	本期溢利／(虧損)	1,660	(1,696)	(15,543)	(15,579)
Assets and liabilities – at 30 June 2011	資產及負債 –於2011年6月30日				
Reportable segment assets ³	報告分部資產 ³	382,050	2,768,882	157,271	3,308,203
Reportable segment liabilities	報告分部負債	45,373	725,976	2,058	773,407

5. TURNOVER AND SEGMENT REPORTING (Continued)

For the period ended 30 June 2010

5. 營業額及分部報告 (續)

截至2010年6月30日止期間

		Oil and gas Exploitation 石油及 天然氣開採 HK\$' 000 千港元	Coalbed methane 煤層氣 HK\$' 000 千港元	Unallocated 未分配 HK\$' 000 千港元	Consolidated 綜合 HK' 000 千港元
Turnover	營業額				
Revenue from external customers	來自外界客戶之收入	9,779	–	–	9,779
Segments results ¹	分部業績 ¹	2,773	–	(35,076)	(32,303)
Finance costs	融資成本			(250)	(250)
Share of loss of a jointly controlled entity ²	應佔一家共同控權合資公司虧損 ²	–	–	(569)	(569)
Profit/(loss) before income tax expenses	除所得稅支出前溢利／(虧損)	2,773	–	(35,895)	(33,122)
Income tax expenses	所得稅支出	–	–	–	–
Profit/(loss) for the period	本期溢利／(虧損)	2,773	–	(35,895)	(33,122)
Assets and liabilities – at 31 December 2010	資產及負債 – 於2010年12月31日				
Reportable segment assets ³	報告分部資產 ³	377,772	2,646,885	398,663	3,423,320
Reportable segment liabilities	報告分部負債	53,156	837,034	4,755	894,945

Notes:

附註：

- Unallocated segment results mainly include expenses for Hong Kong head office and equity-settled share-based payment expenses (the latter only incurred in the reporting period of last year).
- It represents the share of loss of a jointly controlled entity which did not have any business during the periods and the share of loss is reclassified under Unallocated segment.
- Unallocated segment assets mainly include cash and cash equivalent and notes receivable.

- 未分配分部業績主要包括香港總辦事處支出及股本結算以股份支付之支出(後者只發生於去年同期)。
- 此項為應佔一家共同控權合資公司虧損，期間該公司並沒有營業，因此虧損於未分配項重新分類。
- 未分配分部資產主要包括現金及現金等價物及應收票據。

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

財務報表附註

(以港元計算)

6. OTHER REVENUE

6. 其他收入

		Six months ended 30 June 截至6月30日止六個月	
		2011 HK\$'000 千港元	2010 HK\$'000 千港元
Interest income	利息收入	24	24
Rental income	租金收入	–	114
Compensation	賠償	–	740
Discounts on vendors' bills	供應商給予之折扣	–	894
Other	其他	–	91
		24	1,863

7. OTHER (LOSS) AND GAIN, NET

7. 其他(虧損)及收益淨額

		Six months ended 30 June 截至6月30日止六個月	
		2011 HK\$'000 千港元	2010 HK\$'000 千港元
Exchange (loss)/gain, net	匯兌(虧損)/收益淨額	(15)	24

8. LOSS BEFORE INCOME TAX EXPENSES

Loss before income tax expenses is arrived at after charging:

8. 除所得税支出前虧損

除所得税支出前虧損已扣除：

Six months ended 30 June

截至6月30日止六個月

2011	2010
HK\$'000	HK\$'000
千港元	千港元

a) Finance costs	a) 融資成本		
Interest on borrowing repayable within one year	於1年內全數償還之借貸利息	209	—
Imputed interest on convertible note	可換股票據之應歸利息	—	250
		209	250
b) Staff costs (including directors' remuneration)	b) 員工成本(包括董事酬金)		
Salaries, wages and other benefits	薪金、工資及其他福利	7,828	5,233
Contributions to defined contribution retirement plan	定額供款退休計劃之供款	227	163
Equity-settled share-based payment expenses	股本結算以股份支付之支出	—	19,200
		8,055	24,596
c) Other items	c) 其他項目		
Depreciation of property, plant and equipment	物業、廠房及設備折舊	4,143	4,736
Amortisation of intangible assets	無形資產之攤銷	222	100
Operating lease charges: minimum lease payments	經營租賃開支：最低租賃付款		
— property rentals	— 物業租金	1,912	1,404

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

9. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made in the financial statements as the Group did not derive any income subject to Hong Kong profits tax for the period ended 30 June 2011 and 2010. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the period. During the period ended 30 June 2011 and 2010, the PRC subsidiaries have no assessable income subject to PRC income tax.

10. DIVIDENDS

The directors have not declared nor proposed any dividends in respect of the six months ended 30 June 2011 (2010: Nil).

11. LOSS PER SHARE

a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK\$15,579,000 (six months ended 30 June 2010: HK\$33,092,000) and the weighted average of 9,158,338,000 ordinary shares (2010: 4,909,454,000 ordinary shares) in issue during the period.

b) Diluted loss per share

No disclosure of diluted loss per share for six months ended 30 June 2011 and 30 June 2010 is presented as the Company's outstanding share options, outstanding warrants and convertible note, where applicable, had anti-dilutive effect on the basic loss per share in that periods.

12. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2011, the Group incurred capital expenditure of property, plant and equipment with a cost of HK\$4,269,179 (for the six months ended 30 June 2010: HK\$471,000).

財務報表附註

(以港元計算)

9. 所得稅支出

截至2011年6月30日及2010年6月30日止六個月，由於本集團期內並無任何須繳納香港利得稅之收入，故沒有在財務報表中計提香港利得稅準備。其他地區之應課稅溢利稅項則已根據期內本集團經營所在司法權區之現行法律、詮釋及慣例按當時之適用稅率計算。截至2011年6月30日及2010年6月30日止六個月，位於中國之附屬公司並沒有中國所得稅之應課稅收入。

10. 股息

董事並無宣派或擬派截至2011年6月30日止六個月之股息(2010年：無)。

11. 每股虧損

a) 每股基本虧損

每股基本虧損是根據本公司股權持有人應佔虧損15,579,000港元(截至2010年6月30日止六個月：33,092,000港元)，以及期內已發行普通股之加權平均數9,158,338,000股普通股(2010年：4,909,454,000股普通股)計算。

b) 每股攤薄虧損

截至2011年6月30日及2010年6月30日止六個月期內，由於本公司該期間尚未行使之購股權、尚未行使之認股權證及可換股票據(如適用)對每股基本虧損構成反攤薄影響，故並無呈列該期間每股攤薄虧損。

12. 增置物業、廠房及設備

截至2011年6月30日止六個月，本集團關於物業、廠房及設備之資本開支成本為4,269,179港元(截至2010年6月30止六個月：471,000港元)。

13. GAS EXPLORATION AND EVALUATION ASSETS

The gas exploration and evaluation assets were mainly the exploratory drilling and trenching costs capitalized in respect of the coalbed methane project in the PRC. No amortization is provided for during the period as the project is not yet in its production stage.

14. INTANGIBLE ASSETS

The intangible assets represent an operating right in respect of oil fields in the PRC.

15. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

13. 天然氣勘探及評估資產

天然氣勘探及評估資產主要為位於中國煤層氣項目中資本化的勘探鑽井及槽探成本。由於該項目在期內仍未在生產階段，因此並無計提攤銷。

14. 無形資產

本集團之無形資產是位於中國之油田營運權。

15. 於一家共同控權合資公司之權益

		30.06.2011 HK\$'000 千港元	31.12.2010 HK\$'000 千港元
Unlisted shares, at cost	非上市股份，按成本		
As at 1 January	— 於1月1日	6,948	9,606
Less: share of loss for the period/year	減：本期／年度分佔虧損	(1,871)	(2,658)
		<u>5,077</u>	<u>6,948</u>

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

16. 應收賬款、其他應收款項、按金及預付款項

		30.06.2011 HK\$'000 千港元	31.12.2010 HK\$'000 千港元
Trade receivables – note (i)	應收賬款—附註(i)	11,585	6,945
Other receivables	其他應收賬款	2,420	16,884
Bills receivable	應收票據	—	5,317
		<u>14,005</u>	<u>29,146</u>
Utility and other deposits	水電及其他按金	2,511	1,034
Prepayments – note (ii)	預付款項—附註(ii)	18,446	42,558
		<u>20,957</u>	<u>43,592</u>
		<u>34,962</u>	<u>72,738</u>

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Notes:

- (i) All the trade receivables and other receivables are expected to be recovered within one year. The average credit period granted to customers is 30-60 days from the invoice date. The trade receivables are not impaired and related to one customer which has a good track record with the Company. Ageing analysis of trade receivables are as follows:

		30.06.2011 HK\$' 000 千港元	31.12.2010 HK\$' 000 千港元
< 30 days	少於30天	2,923	3,210
30 – 60 days	30至60天	3,169	3,569
Over 60 days	多於60天	5,493	166
		11,585	6,945

- (ii) Prepayments include prepaid costs of HK\$17,843,000 (2010: HK\$42,231,000) on gas evaluation and exploration assets. The amounts are expected to be recognised as assets within one year.

17. NOTES RECEIVABLE

It represents the consideration receivable on disposal of subsidiaries in previous year. These notes receivable are interest free, repayable within one year and secured by the shares of the disposed subsidiaries.

財務報表附註

(以港元計算)

16. 應收賬款、其他應收款項、按金及預付款項 (續)

附註：

- (i) 所有應收賬款及其他應收款項預計可於一年內收回。集團給客戶的平均信貸期為開單日起計30至60天。所有應收賬款為屬於單一客戶，本公司與該客戶有良好之商業記錄，故並無作出減值。應收賬款之賬齡分析如下：

	30.06.2011 HK\$' 000 千港元	31.12.2010 HK\$' 000 千港元
< 30 days	2,923	3,210
30 – 60 days	3,169	3,569
Over 60 days	5,493	166
	11,585	6,945

- (ii) 預付款項包括對本集團天然氣勘探及評估資產之預付勘探成本17,843,000港元(2010：42,231,000港元)。預計該金額將於一年內確認為資產。

17. 應收票據

應收票據指去年出售附屬公司之應收代價。應收票據為免息、須於一年內償還及以該等已出售附屬公司之股份作抵押。

18. OTHER ASSETS**18. 其他資產**

		30.06.2011	31.12.2010
		HK\$' 000	HK\$' 000
		千港元	千港元
Refundable deposits	可退回按金	60,000	60,000
Advance payments	預付款項	44,670	56,656
Oil and gas properties	油氣資產	118,594	105,802
		223,264	222,458

The other assets arose from the interest in the Jinzhuang Oil Field in the PRC. The advance payments are used for the future funding of the development and operation of Jinzhuang Oil Field.

其他資產是因集團位於中國的金庄油田而產生。預付款項為就開發及經營金庄油田的未來資金之墊款。

19. OTHER PAYABLES AND ACCRUALS**19. 其他應付款項及預提費用**

		30.06.2011	31.12.2010
		HK\$' 000	HK\$' 000
		千港元	千港元
Consideration payable – note	應付代價–附註	300,000	500,000
Other payables and accruals	應付賬款及其他應付賬款	457,304	378,952
		757,304	878,952

Note:

This represents the remaining consideration for the acquisition of subsidiaries to be settled in cash. The balance was fully settled in July 2011.

附註：

此乃指收購附屬公司而以現金支付之代價餘額。該餘額已於2011年7月全數支付。

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

財務報表附註

(以港元計算)

20. SHARE CAPITAL

20. 股本

		Number of shares issued 已發行股份 數目 '000 千股	Nominal value of shares issued 已發行股份 面值 HK\$'000 千港元
At 1 January 2010	於2010年1月1日	4,386,148	43,861
Shares issued on exercise of warrants	按行使認股權證發行股份	226,000	2,260
Shares issued under share option scheme	按購股權計劃發行股份	476,110	4,761
Shares issued for acquisition	就收購發行股份	1,560,000	15,600
Shares issued on placing	按配售發行股份	2,493,220	24,932
At 31 December 2010 and at 1 January 2011	於2010年12月31日及 2011年1月1日	9,141,478	91,414
Shares issued under exercise of warrants	按行使認股權證發行股份	10,000	100
Shares issued under share option scheme	按購股權計劃發行股份	55,600	556
At 30 June 2011	於2011年6月30日	9,207,078	92,070

21. COMMITMENTS

(a) Operating lease commitments

As at 30 June 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

21. 承擔

(a) 經營租賃承擔

於2011年6月30日，不可撤銷經營租賃之日後應付之最低租賃款項總額如下：

	30.6.2011 HK\$'000 千港元	30.12.2010 HK\$'000 千港元
Within 1 year	3,987	3,302
After 1 year but within 5 years	571	20
	4,558	3,322

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of one to two years without an extension option. None of the leases includes contingent rentals.

本集團為根據經營租賃租用多項物業之承租人。一般而言，該等租賃之初步期間介乎1至2年，並無續租選擇權。所有租賃概無包括或有租金。

21. COMMITMENTS (Continued)

(b) Capital commitments

(i) *Authorised but not contracted for*

As at 30 June 2011 and 31 December 2010, the Group was committed to develop in the total 16 new oil wells under the development contracts of the Liuluoyu Oil Field and Yanjiawan Oil Field. The estimated total capital expenditure for developing these new oil wells is HK\$16.7 million (2010: HK\$16.4 million).

(ii) *Contracted but not provided for*

21. 承擔 (續)

(b) 資本承擔

(i) *已授權但未訂約*

於2011年6月30日及2010年12月31日，本集團致力根據柳洛峪油田及閩家灣油田開發合同開發合共16個新油井。估計開發該等新油井之資本支出總額為16,700,000港元(2010年：16,400,000港元)。

(ii) *已訂約但未撥備*

	30.6.2011	30.12.2010
	HK\$' 000	HK\$' 000
	千港元	千港元
Commitments in respect of the oil and gas operations in the PRC	108,723	123,340
就位於中國天然氣及石油營運之承擔		

22. MATERIAL RELATED PARTY TRANSACTIONS

Key management personnel remuneration

Details of compensation paid to key management personnel including the directors of the Company are as follows:

22. 重大關連人士交易

主要管理人員酬金

已付主要管理人員(包括本公司董事)酬金詳情如下：

	Six months ended 30 June	
	截至6月30日止六個月	
	2011	2010
	HK\$' 000	HK\$' 000
	千港元	千港元
Salaries and other benefits including the contribution to defined contribution retirement plan	4,208	2,116
薪金及其他福利，包括定額供款退休計劃之供款		

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(Expressed in Hong Kong Dollars)

23. CONTINGENT LIABILITIES

The Group carries out oil exploitation operations in the PRC. The PRC has adopted environmental laws and regulations that affect the operations of the oil industry. The outcome of environmental liabilities under proposed or future environmental legislation cannot reasonably be estimated at present, and could be material. Under the existing legislations, however, management believes that there are no probable liabilities that will have a material adverse effect on the financial position of the Group.

The Group also engages in the exploration, development and production of coalbed methane resources. The consequence of coalbed mining includes dismantlement and demolition of infrastructure in the mining sites. The Group may have obligations to make payments for restoration and rehabilitation of the land after the sites have been extracted. However, such amount cannot be measured reliably at this preliminary stage. Accordingly, no provision is made by Group in this regard. The director of the Group will assess such payments at the end of each reporting period.

24. EVENTS AFTER THE REPORTING PERIOD

On 5 July 2011, the Company entered into the Subscription Agreement with the subscribers, under which the Company agreed to issue, and the subscribers agreed to subscribe for, the convertible notes with an aggregate principal amount of HK\$468 million and 5% coupon rate. The convertible notes are denominated in HKD and will mature on 13 July 2012. The subscription was completed on 13 July 2011.

The net proceeds from the issue of convertible notes are approximately HK\$454 million. Out of which, it will be mainly used to finance the coalbed methane project in the Sanjiao Block, Shanxi Province in the PRC. The remaining balance of the funds will be applied as general working capital for the Group, financing other existing oil and gas projects of the Group and for possible future investments in certain infrastructure facilities in relation to oil and gas projects.

25. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

財務報表附註

(以港元計算)

23. 或有負債

本集團於中國經營石油開採業務。中國已實行環保法律及法規，該等法律及法規影響到石油工業之經營。建議中或未來之環保立法所引致之有關環保之負債目前尚無法合理地估計，負債可能重大。然而，根據現有立法，管理層認為，並不存在任何可能對本集團財務狀況產生重大負面影響之負債。

本集團亦經營煤層甲烷氣資源之勘探、開發和生產，而進行煤層採礦之後果包括拆遷及拆除礦場之基本設施。本集團或須負責在完成在礦場採礦後，支付礦區土地復原及復墾之費用。然而，現時在此初期階段無法可靠地估計就此將會涉及之費用，故本集團並無就此作出任何撥備。本集團董事將於每個報告期間結束時評估有關付款。

24. 期後事項

於2011年7月5日，本公司與認購人訂立認購協議，據此，本公司同意發行及認購人同意認購本公司發行的本金總額為468,000,000港元及5%票面利率的可換股票據。可換股票據的面值為港元並於2012年7月13日到期。有關認購於2011年7月13日完成。

發行可換股票據所得款項淨額約為454,000,000港元，其中款項主要用於中國山西省之三交煤層氣項目。其餘集資款項將用作本集團一般營運資金、本集團現有油氣項目資金及將可能出現投資於油氣項目基礎設施之資金。

25. 比較數字

若干比較數字已重新分類以符合當期之呈報方式。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

During the six months ended 30 June 2011, Sino Oil and Gas Holdings Limited (the “Company” or “Sino Oil and Gas”) and its subsidiaries (collectively the “Group”) reported a turnover of HK\$15,800,000 (2010 interim: HK\$9,800,000), an increase of approximately 61%. The turnover was mainly generated from the oil fields in Shaanxi Province, namely, Liuluoyu, Yanjiawan and Jinzhuang. An operating loss of HK\$15,600,000 (2010 interim: Loss of HK\$33,100,000) was incurred during the period. The Group’s performance is expected to show significant improvement upon further development of the oil fields in Shaanxi and the commencement of operation of the Sanjiao coalbed methane (CBM) field.

Oil and Natural Gas Exploitation

Liuluoyu and Yanjiawan

Both of the Group’s two oil fields in the PRC, namely Liuluoyu and Yanjiawan, are located in Erdos Basin, Shaanxi Province, with a production of approximately 3,300 tonnes of crude oil during the period under review.

Jinzhuang

The Group obtained a 15-month operation right of Jinzhuang oil field in May 2010 under a sub-contracting agreement. As such, the Group owns a 95% production sharing right to the turnover from Jinzhuang oil field during the sub-contracting period. The operation right, which expired in July, has been extended for one year whilst negotiations are under way for the possible acquisition of the project.

Jinzhuang is a producing oil field located at the plateau of Erdos Basin, Shaanxi Province, with an area of 62 square kilometers. During the period under review, crude oil output amounted to approximately 2,000 tonnes.

In second half of last year, there were respective initial discovery of gas reserve in the aforesaid oil fields in Shaanxi Province. Management remains cautiously optimistic about the feasibility of discovering gas reserves of commercial value in those blocks in Erdos Basin.

業務回顧

截至2011年6月30日止六個月內，中國油氣控股有限公司（「本公司」或「中國油氣」）及其附屬公司（統稱「本集團」）之營業額為15,800,000港元（2010年中期：9,800,000港元），增加約61%，營業額主要來自於陝西省的幾個油田區塊：柳洛峪、閻家灣及金庄。期內經營虧損為15,600,000港元（2010年中期：虧損33,100,000港元），預期對陝西之油田作進一步開發及三交之煤層氣田投入生產後，業績屆時將會有明顯改善。

石油及天然氣開採

柳洛峪及閻家灣

本集團於中國的上述兩個油田區塊均為生產中的油田，分別位於陝西省的鄂爾多斯盆地的柳洛峪及閻家灣。在回顧期內，原油產量約為3,300噸。

金庄

本集團於2010年5月通過承包經營的方式取得金庄油田的15個月營運權。在承包經營期內，集團擁有金庄油田油氣產品營業額95%分成權。營運權已於七月屆滿，本集團將營運權延長一年，同時正為可能收購進行洽商。

金庄油田位處陝西省鄂爾多斯高原腹地，面積達62平方公里，為正在生產營運中的油田。於回顧期內，產出原油約2,000噸。

於去年下半年，在上述陝西省的幾個油田區塊均分別初步發現天然氣，管理層對於上述等區塊能發現具商業價值天然氣的可能性保持審慎樂觀。

MANAGEMENT DISCUSSION AND ANALYSIS

Coalbed Methane Exploitation

Sanjiao Block in Erdos Basin

Orion Energy International Inc. (“Orion”), the wholly owned subsidiary of the Company, and its partner in the PRC, PetroChina Coalbed Methane Gas Company (“PetroChina CBM”), entered into a production sharing contract (“PSC”) for CBM exploration, exploitation and production in Sanjiao Block located in Shanxi and Shaanxi Provinces. Pursuant to the PSC, the Group owns a 70% interest in this project.

During the period under review, Orion continued with the preparation and reporting work in respect of the Overall Development Program of the Sanjiao project. Preliminary approval of the plan is expected to be obtained from the National Development and Reform Commission within the year.

Up to the end of June 2011, Orion had completed the drilling of a total of 33 multi-lateral horizontal wells and directional wells in the Sanjiao Block, with annual handling capacity of 195 million cubic meters of CBM. In view of the smooth rollout of exploration and trial production works, the Group entered a sales collaboration agreement in May 2011 with PetroChina CBM on the basis of the PSC to move ahead with the sales of CBM. Pursuant to the collaboration agreement, a sales and purchase agreement was signed on 26 June 2011 with a company engaged in CBM businesses in Shanxi Province. CBM from Sanjiao Block will be sold to this buyer in the form of compressed natural gas (CNG) and external sales of CBM from the Sanjiao Block have officially commenced since 12 August 2011. The pricing of CBM will be determined with reference to the local prices as approved by the Development and Reform Commission of Shanxi Province, and also subject to adjustments in accordance with market conditions and national policy.

The Group is working with PetroChina CBM on the expansion of the head station for CNG. Upon scheduled completion in the fourth quarter of 2011, the head station will have a daily compression capacity upto 150,000 cubic meters.

管理層討論及分析

煤層氣開採

鄂爾多斯盆地三交區塊

本集團透過旗下的奧瑞安能源國際有限公司（「奧瑞安」），與中國夥伴中石油煤層氣有限責任公司（「中石油煤層氣公司」）訂立生產分成合同（「PSC」），在中國山西及陝西省三交區塊進行煤層甲烷田勘探、開採及生產，享有當中70%權益。

在回顧期內，奧瑞安繼續就三交專案總體開發方案進行編製及申報工作，預計在年內可獲國家發展改革委員會初步批覆。

截至2011年6月底，奧瑞安已在三交地區完成多分支水平井及叢式井共33口，已具備年產煤層氣1.95億立方米的生產能力。鑑於煤層氣勘探及試產工作進展順利，本集團於2011年5月份，與中石油在PSC的基礎上簽訂一份銷售合作協議，以開展煤層氣的銷售。據此，本集團於2011年6月26日，聯同中石油煤層氣公司與一家位於山西省從事煤層氣業務的企業簽訂購銷協議，將在山西三交區塊開採所得之煤層氣以壓縮天然氣方式售予對方，同時已於2011年8月12日起正式實現對外銷售。售出之煤層氣價格參照山西省發展改革委員會核准的當地價格，再按市場情況及國家政策予以調整。

為進一步擴大商業營運規模，集團與中石油煤層氣公司正為壓縮天然氣母站進行擴展工作，預計於2011年第四季完工，屆時整個壓縮天然氣母站每日可處理的天然氣量可達15萬立方米。

Liquidity, Financial Resources and Capital Structure

As at 30 June 2011, the net assets of the Group were HK\$2,535,000,000 (31 December 2010: HK\$2,528,000,000) while its total assets were HK\$3,308,000,000 (31 December 2010: HK\$3,423,000,000). As at 30 June 2011 and 31 December 2010, the Group did not have any external borrowings and the gearing ratio based on total assets was therefore 0%. As at 30 June 2011, the current ratio was 0.55 (31 December 2010: 0.76). In early July 2011, the Group successfully issued convertible notes in an aggregate principal amount of HK\$468 million. Subsequently, the current ratio has been improved to over 1.0 which indicates strengthened financial conditions for the Group. The net proceeds from the issuance, other than used as general working capital, will be mainly used to support the Group's imminent development plan for the Sanjiao CBM project.

Foreign Exchange Fluctuations

The Group is exposed to currency risk primarily through sales and purchase transactions and recognized liabilities of assets that are denominated in a currency other than the functional currency of the operations to which they relate. At 30 June 2011, no related hedges were made by the Group. In respect of trade and other receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

流動資金、財務資源及資本結構

於2011年6月30日，本集團的資產淨值為2,535,000,000港元（2010年12月31日：2,528,000,000港元），而本集團的總資產值為3,308,000,000港元（2010年12月31日：3,423,000,000港元）。於2011年6月30日和2010年12月31日，本集團均沒有對外借貸，因此負債比例按資產總值計算為0%。截至本年6月底的流動比率為0.55（2010年12月31日：0.76）。而隨著本公司於2011年7月初成功配發總額4.68億港元的可換股票據，流動比率亦調整至1.0以上，本集團的財務狀況亦更趨穩健，集資款項除了用作一般營運資金外，更重要乃為正準備大力發展的三交煤層氣項目打下基礎。

外匯波動

本集團承受之貨幣風險主要源自以有關業務之功能貨幣以外之貨幣計值之買賣交易及已確認資產之負債。於2011年6月30日，本集團並無作出相關對沖。就以有關業務之功能貨幣以外之貨幣持有之應收款項及應付款項，本集團在必要時按即期匯率買賣外匯以解決短期不平衡，以此確保風險處於可接受水平。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

PROSPECTS

The Group will continue to focus on expanding its exploitation businesses based in the Erdos Basin which is endowed with rich oil and natural gas resources. Leveraging on the experience and expertise of its expert in-house geological team, the Group has been able to make gas discoveries in its existing oil fields. The Sanjiao CBM project is also moving ahead smoothly into the commercial production phase. As the CBM business is in line with the country's energy policy under the 12th Five-year Plan for National Economic and Social Development (2011-2015), it receives local governments' support in the development of infrastructure. There are also additional subsidies and tax incentives from both the Central Government and local authorities. As at the report date, the Group has commenced the supply of CNG to a local enterprise in Shanxi Province, with daily sales of approximately 15,000 cubic meters. By the end of the year, the head station will have a daily compression capacity upto 150,000 cubic meters while daily sales is expected to reach 100,000 cubic meters.

Management expects annual sales to reach a peak level of 1 billion cubic meters by 2015 or before. According to the review endorsed by the Expert Review Group of the State Reserve Committee of the PRC, the proven reserve of CBM of the Sanjiao Block is 43.5 billion cubic meters which can support the exploitation activities in the next 20 years.

前景

本集團將繼續專注在原油及天然氣資源豐富的陝西鄂爾多斯盆地拓展開採業務。憑藉勘探專家團隊的經驗和技術，本集團相繼在原有的油田發現天然氣。此外，三交區塊的煤層氣開採項目，亦順利步入商業生產階段。本集團的煤層氣業務配合十二五規劃中的能源發展策略，除了在基礎建設上得到地方政府的支持，在銷售上亦額外得到地方及中央政府提供的補貼及稅務優惠。於本報告日，本集團已開始向山西的當地企業供應壓縮天然氣，每日銷量為約1.5萬立方米，並將逐步提升，至年底，母站每日壓縮天然氣能力可提升至15萬立方米，而銷售規模可達每日10萬立方米。

管理層預期年銷量在2015年或以前可達至高峰期水平的10億立方米，按已通過國家儲委專家評審，三交煤層氣項目的證實儲量達435億立方米計，足夠未來20年開採。

CBM and other types of natural gas are sources of clean energy, and more compliant with environmental requirements when compared with conventional petrochemical energy sources. The country's demands for natural gas have increased significantly in step with rapid urbanization. The Sanjiao Block is now supplying natural gas in the form of CNG, but active plans are under way for future delivery through the pipeline system which is under construction in the district. Construction works of a new pipeline invested by a local state-owned enterprise in Shanxi Province commenced in April 2011. It is expected to be completed in 2012. The new pipeline is situated between Linxian and Lishi in Lvliang Municipality, Shanxi Province, and will form part of Phase one of the "Linxian-Liulin-Linfen" gas pipeline project. The length one of the gas pipeline is 130 kilometers with annual transportation capacity of 1.1 billion cubic meters. The pipeline will be located about 20 kilometers east of the Sanjiao Block. Management expects the construction of local pipelines in Shanxi to drive the production scale expansion of the CBM project, and to bring further improvements in the project's revenues and profitability.

As an emerging and nationally-supported energy source, CBM is receiving increasing attention from both domestic and overseas investors. Subsequent to receiving investments from a number of renowned investment funds in the previous year, Mandolin Fund Pte Limited ("Mandolin Fund"), a subsidiary of Richard Chandler Corporation has also become a substantial shareholder of the company after acquiring shares representing approximately 14% of the total issued share capital of the Company in June 2011. Management welcomes the investment by Mandolin Fund. Equipped with advanced drilling technology and a seasoned team of experts, the Group is confident that the CBM project is well positioned to deliver better investment returns to the shareholders.

包括煤層氣的天然氣屬清潔能源，較傳統的石化能源更合乎環保要求，隨著中國急速的城市化發展，國家對天然氣的需求亦因而大增。本集團除了以壓縮天然氣出售天然氣，亦積極配合三交地區的管道建設，計劃在未來以管通方式付運天然氣產品。一條由山西地方國營企業出資興建的天然氣管道，建設工程已於2011年4月動工，預計於2012年竣工。管道位於山西呂梁市臨縣與離石之間，為「臨縣－柳林－臨汾」天然氣管道項目之第一期工程，全長130公里，年輸送量將達11億立方米。該管道由三交區塊東部通過，距離三交區塊約20公里。管理層預期，山西地方的管道建設工程可配合本集團煤層氣項目產量提升的步伐，項目的收益和盈利能力將可進一步改善。

煤層氣作為新興和國家重點支持的能源產業，已逐漸獲得國內外的投資者重視。本集團繼在上年度獲多家知名投資基金入股後，於2011年6月獲Richard Chandler Corporation旗下的Mandolin Fund Pte Limited (「Mandolin基金」)購入公司股份，成為公司主要股東，持有公司已發行股份總數約14%。管理層歡迎Mandolin基金的投資，並深信憑先進的鑽探技術和團隊的資深管理經驗，可在未來為股東帶來更佳的投资回報。

OTHER INFORMATION

其他資料

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2011, the interests of the directors (the “Directors”) and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

董事於股份及相關股份中權益

於2011年6月30日，本公司董事（「董事」）及最高行政人員於本公司或其任何相聯法團（具有證券及期貨條例（「證券及期貨條例」）第XV部所賦予之涵義）之股份及相關股份中擁有誠如本公司根據證券及期貨條例第352條存置之登記冊所載或根據上市公司董事進行證券交易的標準守則（「標準守則」）而須知會本公司及香港聯合交易所有限公司（「聯交所」）之權益如下：

Long positions in the shares and underlying shares of the Company

於本公司股份及相關股份中擁有之好倉

Name of Director 董事姓名	Interests in shares/ underlying shares 於股份及相關股份中權益	Nature of interest 權益性質	Number of shares/ underlying shares held 所持股份／相關股份數目
Kong Siu Tim 江少甜	shares 股份	Beneficial owner 實益擁有人	40,500,000
	share options 購股權	Beneficial owner 實益擁有人	22,000,000
Dai Xiaobing 戴小兵	shares 股份	Beneficial owner 實益擁有人	480,000,000
Wang Ziming 王自明	shares 股份	Beneficial owner 實益擁有人	100,000,000
	shares 股份	Interest of controlled corporation 受控制公司的權益	5,000,000
Wan Tze Fan Terence 溫子勳	shares 股份	Beneficial owner 實益擁有人	30,660,000
	share options 購股權	Beneficial owner 實益擁有人	13,000,000
Ni Zhenwei 倪振偉	share options 購股權	Beneficial owner 實益擁有人	8,000,000
Wong Kwok Chuen Peter 黃國全	share options 購股權	Beneficial owner 實益擁有人	8,000,000

Note:

- (1) Particulars of directors' interests in the share options of the Company are set out in the section "Share Option Scheme".
- (2) 5,000,000 shares of the Company are owned by Harmonie Developments Limited which is wholly and beneficially owned by Mr. Wang Ziming.
- (3) Mr. Ni Zhenwei passed away on 25 July 2011.

Save as disclosed above, as at 30 June 2011, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

At the Annual General Meeting of the Company held on 28 May 2010, the shareholders of the Company approved the adoption of a new share option scheme (the "New Option Scheme") and the termination of the old share option scheme adopted on 6 March 2002 (the "Old Option Scheme", together with the New Option Scheme, collectively the "Schemes"). No further options may be granted under the Old Option Scheme upon its termination and options granted and unexercised prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Old Option Scheme. The Schemes are in full compliance with the relevant requirements of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

附註：

- (1) 董事於本公司購股權的權益詳情載於「購股權計劃」一節。
- (2) 5,000,000股股份由王自明先生全資擁有之公司 Harmonie Developments Limited持有。
- (3) 倪振偉先生已於2011年7月25日辭世。

除上文所披露者外，於2011年6月30日，概無本公司董事及最高行政人員於本公司或其相聯法團（具有證券及期貨條例第XV部所賦予之涵義）之股份、相關股份及債券中擁有根據證券及期貨條例第352條須載錄於登記冊之任何權益或淡倉，或擁有根據標準守則須知會本公司及聯交所之任何權益或淡倉。

購股權計劃

本公司於2010年5月28日舉行的股東週年大會上經股東批准採納新購股權計劃（「新購股權計劃」）及終止於2002年3月6日通過的購股權計劃（「舊購股權計劃」，連同新購股權計劃，統稱「計劃」），舊購股權計劃於終止後不可再授出購股權，惟已授出而尚未行使的購股權仍為有效，並可根據其發行條款行使。計劃完全符合聯交所證券上市規則（「上市規則」）第十七章之有關規定。

OTHER INFORMATION

其他資料

As at 30 June 2011, the Directors and employees of the Group had the following personal interests in options to subscribe for shares of the Company granted at nominal consideration under the Old Option Scheme. Each option gives the holder the right to subscribe for one share. Details of share options held by the Directors and employees of the Group and movements in such holdings during the period are as follows:

於2011年6月30日，董事及本集團僱員於根據舊購股權計劃以名義代價授出可認購本公司股份之購股權中擁有以下之個人權益。每份購股權賦予持有人認購一股股份之權利。董事及本集團僱員於期內所持購股權及其變動詳情載於下表：

	Number of options 購股權數目			Outstanding at 30 June 2011	Date of grant (D.M.Y.)	Exercise period (D.M.Y.)	Exercise price per share HK\$
	Outstanding at 1 January 2011	Granted during the period	Exercised during the period				
	於2011年 1月1日 尚未行使	於期內授出	於期內行使	於2011年 6月30日 尚未行使	授出日期 (日.月.年)	行使期限 (日.月.年)	每股份 之行使價 港元
Directors::							
董事：							
Kong Siu Tim	17,000,000	-	-	17,000,000	22.08.2007	22.08.2007-05.03.2012	0.375
江少甜	5,000,000	-	-	5,000,000	22.04.2010	22.04.2010-05.03.2012	0.390
Wan Tze Fan Terence	10,000,000	-	-	10,000,000	22.08.2007	22.08.2007-05.03.2012	0.375
溫子勳	3,000,000	-	-	3,000,000	21.08.2008	21.08.2008-05.03.2012	0.180
Ni Zhenwei	4,000,000	-	-	4,000,000	22.08.2007	22.08.2007-05.03.2012	0.375
倪振偉	2,000,000	-	-	2,000,000	21.08.2008	21.08.2008-05.03.2012	0.180
	2,000,000	-	-	2,000,000	22.04.2010	22.04.2010-05.03.2012	0.390
Wong Kwok Chuen Peter	4,000,000	-	-	4,000,000	22.08.2007	22.08.2007-05.03.2012	0.375
黃國全	2,000,000	-	-	2,000,000	21.08.2008	21.08.2008-05.03.2012	0.180
	2,000,000	-	-	2,000,000	22.04.2010	22.04.2010-05.03.2012	0.390
Employees	97,250,000	-	41,000,000	56,250,000	26.01.2007	26.02.2007-25.02.2012	0.189
僱員	348,190,000	-	14,000,000	334,190,000	22.08.2007	22.08.2007-05.03.2012	0.375
	6,000,000	-	-	6,000,000	21.08.2008	21.08.2008-05.03.2012	0.180
	209,400,000	-	600,000	208,800,000	22.04.2010	22.04.2010-05.03.2012	0.390

Note: During the six months ended 30 June 2011, the weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$0.46 per share.

附註：截至2011年6月30日止六個月內，本公司股份於緊接行使日期前行使購股權之加權平均收市價為每股0.46港元。

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2011, the following persons, not being a Director or chief executive of the Company, had an interest in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, the details of which are set out below:

Long position in the shares and underlying shares of the Company

Name of shareholder	Nature of interest	Number of shares held	Number of underlying shares held	Total number of shares and underlying shares held
股東名稱	權益性質	所持股份數目	所持相關股份數目	所持股份及相關股份總數
Mandolin Fund Pte Limited (Note 1) Mandolin Fund Pte Limited (附註1)	Beneficial owner 實益擁有人	1,300,000,000	–	1,300,000,000
Smart Force Group Limited (Note 2) 智強集團有限公司 (附註2)	Beneficial owner 實益擁有人	306,428,571	306,428,572	612,857,143

Notes:

- Mandolin Fund Pte Limited is a wholly owned subsidiary of Richard Chandler Capital Corporation Pte Limited which is in turn a wholly owned subsidiary of Richard Chandler Capital Corporation. Richard Chandler Capital Corporation is wholly owned by Cosimo Management Limited as trustee of a trust of which Mr. Richard Chandler is the settlor. Pursuant to the SFO, Richard Chandler Capital Corporation Pte Limited, Richard Chandler Capital Corporation, Cosimo Management Limited and Mr. Richard Chandler as settlor are taken to be interested in the shares of the Company held by Mandolin Fund Pte Limited.
- Smart Force Group Limited owns 306,428,571 shares of the Company and Convertible Bonds in the principal amount of HK\$153,214,286 due in 2013 not carrying any interest with right to convert the Convertible Bonds into shares of the Company at a conversion price of HK\$0.50 per share. Based on the conversion price of HK\$0.50 per share, a maximum number of 306,428,572 shares may be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full. The Convertible Bonds give rise to an interest in 306,428,572 underlying shares of the Company of Smart Force Group Limited. Smart Force Group Limited is wholly and beneficially owned by Dr. Yang Luwu. Accordingly, Dr. Yang Luwu is deemed to be interested in the shares and underlying shares of the Company held by Smart Force Group Limited.

主要股東之權益

於2011年6月30日，根據證券及期貨條例第336條存置之登記冊所載錄，以下人士（並非本公司董事或最高行政人員）於本公司之股份中擁有權益如下：

於本公司股份及相關股份中擁有之好倉

Name of shareholder	Nature of interest	Number of shares held	Number of underlying shares held	Total number of shares and underlying shares held
股東名稱	權益性質	所持股份數目	所持相關股份數目	所持股份及相關股份總數
Mandolin Fund Pte Limited (Note 1) Mandolin Fund Pte Limited (附註1)	Beneficial owner 實益擁有人	1,300,000,000	–	1,300,000,000
Smart Force Group Limited (Note 2) 智強集團有限公司 (附註2)	Beneficial owner 實益擁有人	306,428,571	306,428,572	612,857,143

附註：

- Mandolin Fund Pte Limited為Richard Chandler Capital Corporation Pte Limited的全資附屬公司，而後者為Richard Chandler Capital Corporation的全資附屬公司。Richard Chandler Capital Corporation乃由一項信託(Richard Chandler先生為其財產授予人)的信託人Cosimo Management Limited全資擁有。根據證券及期貨條例，Richard Chandler Capital Corporation Pte Limited、Richard Chandler Capital Corporation、Cosimo Management Limited及Richard Chandler先生(作為財產授予人)均被視為於Mandolin Fund Pte Limited所持有的本公司股份中擁有權益。
- 智強集團有限公司擁有本公司306,428,571股股份及本金額153,214,286港元由本公司發行不計息、於2013年到期、以及有權以換股價每股0.50港元將可換股債券兌換為本公司股份之可換股債券，根據換股價每股0.50港元，於悉數行使可換股債券所附之換股權後將予配發及發行最多306,428,572股股份。智強集團有限公司根據可換股債券擁有本公司306,428,572股相關股份權益。智強集團有限公司由楊陸武博士全資及實益擁有。故此，楊陸武博士被視作擁有由智強集團有限公司所持有的本公司股份及相關股份的權益。

OTHER INFORMATION

Saved as disclosed above in this section, as at 30 June 2011, the Company has not been notified of any other persons (other than the Directors or chief executive of the Company) who had any interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee, which comprises all Independent Non-executive Directors, has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the unaudited interim report of the Company for the six months ended 30 June 2011.

CORPORATE GOVERNANCE

The Company complied with the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2011.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the Company's code of conduct and rules to govern transactions by all directors in the securities of the Company.

All directors have complied with the required standard regarding directors' securities dealings set out in the Model Code during the six months ended 30 June 2011.

By Order of the Board

Kong Siu Tim

Chairman

Hong Kong, 19 August 2011

其他資料

除上文所披露者外，於2011年6月30日，本公司並無接獲任何其他人士（不包括本公司之董事或最高行政人員）通知指彼等擁有根據證券及期貨條例第336條須記錄於登記冊的本公司股份及相關股份的任何權益及淡倉。

購買、贖回或出售上市證券

於截至2011年6月30日止六個月，本公司或其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

審核委員會

由全體獨立非執行董事組成的審核委員會與管理層已檢討本集團採納的會計原則及常規，並已商討有關審核、內部監控及財務申報的事宜，包括審閱本公司截至2011年6月30日止六個月之未經審核中期報告。

企業管治

本公司於截至2011年6月30日止六個月期間一直遵守上市規則附錄十四所載的企業管治常規守則之規定。

董事進行證券交易的標準守則

本公司採納上市規則附錄十所載的標準守則，作為本公司的操守準則及所有董事買賣本公司證券規則。

截至2011年6月30日止六個月，全體董事均已遵守標準守則所載有關董事買賣證券所規定的準則。

承董事會命

主席

江少甜

香港，2011年8月19日

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Kong Siu Tim, Dr. Dai Xiaobing, Mr. Wang Ziming and Mr. Wan Tze Fan Terence; and three independent non-executive directors, namely, Mr. Wong Kwok Chuen Peter, Dr. Di Lingjun and Dr. Wong Lung Tak Patrick.