Growing with Energy

MIRACH ENERGY LIMITED

2009 ANNUAL REPORT

Mapping out a bright future

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Board of Directors
Chan Shut Li, William
(Executive Chairman and Chief Executive Officer)
Lui Che Kin, Gordon
(Executive Director and Chief Financial Officer)
Liu Mei Ling, Rhoda
(Independent Director)
Xing Heping
(Independent Director)
Lim Jun Xiong, Steven
(Independent Director)

Audit Committee
Liu Mei Ling, Rhoda
(Chairman and Independent Director)
Xing Heping
(Independent Director)
Lim Jun Xiong, Steven
(Independent Director)

Remuneration Committee
Xing Heping
(Chairman and Independent Director)
Liu Mei Ling, Rhoda
(Independent Director)
Lim Jun Xiong, Steven
(Independent Director)

Nominating Committee
Lim Jun Xiong, Steven
(Chairman and Independent Director)
Chan Shut Li, William
(Executive Chairman & Chief Executive Officer)
Liu Mei Ling, Rhoda
(Independent Director)
Xing Heping
(Independent Director)

Company Secretaries
Lotus Isabella Lim Mei Hua (FCIS)
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Certified Public Accountants
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Partner-in-charge
Tsang Siu For, Thomas
(appointed since financial year
ended 31 December 2007)

Bankers
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Corporation Limited
21 Collyer Quay, #08-01 HSBC Building
Singapore 049320

Your energy partner

Mirach Energy is an energy exploration and production company in Asia, with established offices in Hong Kong, Beijing (China), Jakarta (Indonesia) and Phnom Penh (Cambodia). The Group has licenses and operator-ships in petroleum assets in Kamundan and Wiriagar, Indonesia and in offshore Cambodia. It also provides effective technical oilfield services and solutions for oil extraction and production, including enhanced oil recovery techniques. Integral to the group's exploration and production business is a team of oil and gas specialists comprising geologists, oilfield services engineers and production engineers.

Cambodia

The Group owns a 48% stake in associate company CPHL Cambodia, which holds the Cambodia Offshore Oil Field Block D Production Sharing Contract that grants 7 years of exploration and 30 years of production rights. Mirach Energy is the main operator of the oil block.

Indonesia

Mirach Energy holds a 42% stake in a joint venture company, PT Kamundan Energy, that has a KSO license in an oil and gas field in Kamundan Indonesia.

The Group has also acquired a license to a small production oil block in the Wiriagar Operating Area, situated at the onshore area of the Bintuni Basin, Eastern Indonesia. This block is adjacent to the Group's Kamundan operating area.

Creating opportunities

Dear Fellow Shareholders,

The year 2009 began painfully as the global economy headed into a tailspin in the first quarter, exacerbated by the impact from the worldwide stock market meltdowns. We saw massive job losses in the world's largest economies, in America, China and Europe and almost everywhere else. In the face of these unprecedented meltdowns, governments around the world raced to inject massive economic stimulus packages in a bid to stave off a complete collapse of the home and global economy. At one point, the strength of the China economy in 2009, driven by its massive stimulus package, was also credited with assisting to deflect a worldwide economic collapse. By the end of 2009, there was some relief felt in all sectors as the severe global credit crisis began to ease, stock markets around the world rallied, and the fear of a global depression abated.

Crude oil prices experienced volatility in line with the rough economic climate. After dipping to a low of around US$30 per barrel in the first half of 2009, crude oil prices stabilized at between US$60 to US$75 per barrel in the second half of the year, and we saw higher activities in the oil and gas industry, as various players in the industry started to position themselves in the market for new opportunities and long term business development.

For Mirach Energy, the volatile oil prices did not directly impact our results performance as no direct production was in place as yet. However, big swings in the oil and gas industry economics did affect the progress of the oil fields development.

Corporate Review for FY2009

For the financial year under review, Mirach Energy recorded a Group net loss attributable to shareholders of RMB 25.7 million, versus RMB 55.8 million in FY2008. This was on the back of significantly lower revenue of RMB 18.8 million, compared to RMB 34.2 million recorded in FY2008.

Revenue was lower as a result of lower production rates at Shaanbei Oil Field, and lower contribution from oil field services. In January 2010, the Company signed a sale and purchase agreement to dispose its wholly owned subsidiary, Xi'an Quanbin Oilfield Technology Co., Ltd. ("XQB"). XQB holds the oil production contracts in Shaanbei, which made up 59% of total revenue of the Company in FY2009. Despite this significance and the fact that the Company is keenly focused on building a production revenue base, the decision to dispose XQB was attributed to a few key factors. These included production rates and oil delivery prices in Shaanbei that stayed below expectations, despite time and resources spent by management on improving overall production rates and oil delivery prices. The disposal will allow management to reallocate resources on its other core operations.

Notwithstanding the loss recorded in FY2009, the Company will continue to drive its exploration and production business. The long term strategic focus for the Company is to establish meaningful production revenue while developing and enhancing the value of its exploration assets. In line with this strategy, the Company announced in February 2010 that its associated companies, PT Kamundan Energy and PT Petroenergy Utama Wiriagar, have jointly signed an MOU to bring in a new partner to participate in their exploration and production activities in Indonesia, in the Kamundan and Wiriagar operating area. This is part of the Company's efforts to develop its exploration assets while spreading risks by bringing in new investors.

Notwithstanding the loss recorded in FY2009, the Company is focused on its exploration and production business. The long term strategic focus for the Company is to establish meaningful production revenue while developing and enhancing the value of its exploration assets.

In FY2009, besides working on developing exploration assets held by the Company, mainly in Cambodia and Indonesia, management has been assessing various production blocks with the aim of building up its production revenue.

Fund Raising Exercise

In view of the tight credit crisis seen in 2009, the Company conducted two fund raising exercises to boost its working capital base to ensure that its long term strategy of developing its petroleum assets are not compromised if the credit crisis persist indefinitely.

In April 2009, the Company allotted and issued 402,207,937 ordinary shares at an exercise price of S$0.022 per share pursuant to the Rights issue exercise. The net proceeds of the new issued shares were S$8.6 million (RMB 39.7 million).

In October 2009, the Company further allotted and issued a total of 73,500,000 ordinary shares to three private investors at an issue price of S$0.1031 per share via a private placement. The net proceeds of the new issued shares were S$7.2 million (RMB 34.5 million).

Status Report for the Use of Proceeds from the Rights Issue

I hereby provide a status report of the use of net proceeds of S$8.6 million (RMB 39.7 million) from the rights issue exercise. To date, approximately S$0.4 million (RMB 2.1 million) were used in the acquisition of a license for a production field in Wiriagar, Indonesia, and another S$0.5 million (RMB 2.2 million) were used for working capital purposes. The balance amount is S$7.7 million.

Prospects for FY2010

The Group works on two dynamics to shape its future – to bring in partners to participate in its exploration assets and to acquire new production oil blocks to build up its production revenue.

For the current financial year, Mirach Energy will be focusing on building up its production assets to enlarge its earnings base. We are currently assessing some production oil fields in Indonesia with a view of acquiring both working interests and operator-ships.

Acknowledgements

On behalf of the board and the Company, I would like to take this opportunity to thank Mr Vincent Chen and Mr Billy Lee, who acted as independent directors on the Board, for their invaluable contributions to the Group. Both Mr Chen and Mr Lee have left the Board in April 2009 to devote more time to their families and businesses.

At the same time, the Board of Directors is pleased to welcome our new independent directors, Mr Xing Heping and Mr Steven Lim, who joined the Board in April 2009 and May 2009 respectively. Mr Xing has a wealth of knowledge on Southeast Asian issues, particularly those related to Cambodia. Steven brought with him more than 25 years of experience in the financial and wealth management industry. We look forward to their contributions in terms of sound corporate and financial matters and corporate governance advice to the Group.

The Board would also like to thank all management and staff in the Company for their commitment and dedication to the Company. The past developments and future growth of the Company would not be possible without them.

Finally, we thank all our shareholders who had been very supportive in the Group's strategic developments.

Thank you.

William Chan
Executive Chairman & Chief Executive Officer
1 April 2010

Financial Highlights

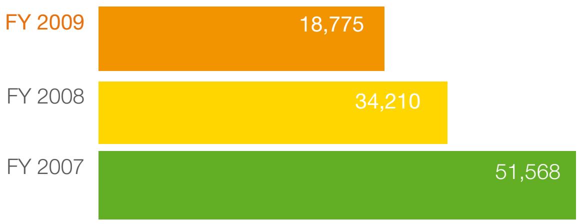
Group Income Statement (RMB '000)	2007	2008	2009
Revenue	51,568	34,210	18,775
Gross Profit	29,927	9,128	4,657
Loss from Operations	(51,336)	(54,244)	(20,809)
Loss Before Tax	(52,536)	(56,172)	(25,690)
Loss After Tax	(52,536)	(55,782)	(25,690)

Group Balance Sheet (RMB '000)	2007	2008	2009
Fixed Assets	70,117	34,780	18,087
Intangible Assets	1,241	-	_
Investments in Associates	49,510	46,597	43,956
Investment in a Joint Venture	-	-	1,926
Cash & Cash Equivalents	116,683	72,798	106,835
Other Current Assets	79,313	71,137	94,443
Total Assets	316,864	225,312	265,247
Shareholder's Equity	243,057	185,368	233,732
Minority Interests	6,657	-	-
Deferred Tax Liabilities	390	-	-
Other Current Liabilities	66,760	39,944	31,515
Total Equity & Liabilities	316,864	225,312	265,247

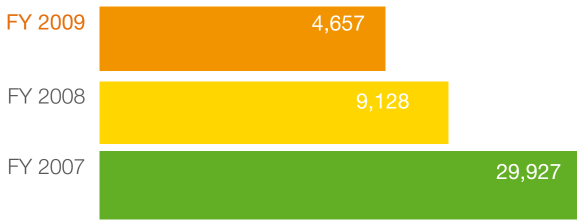
Per Share Data (RMB cents)	2007	2008	2009
Earning/(Loss) per share	(20.8)	(15.3)	(4.2)
Net Asset Value	83.5	63.7	30.5
Net Cash Holding	40.1	25.0	13.9

Financial Ratio (%)	2007	2008	2009
Gross Profit Margin	58.0	26.7	24.8
Operating Margin	-	-	-
Return on Average Assets	-	-	-
Return on Average Shareholder's Equity	-	-	-

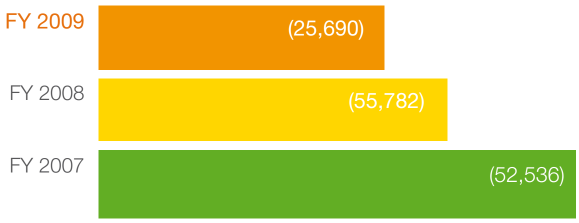
Revenue (RMB '000)



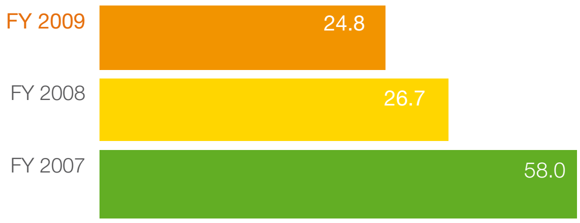
Gross Profit (RMB '000)



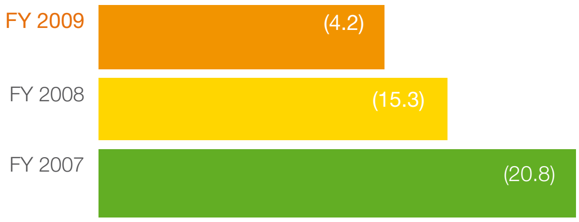
Net Loss (RMB'000)



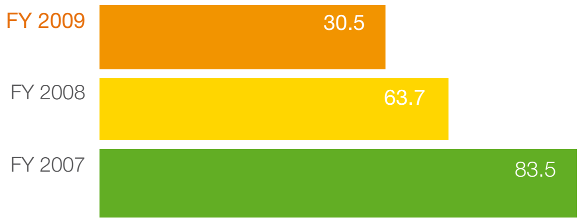
Gross Profit (%)



Earnings Per Share (RMB cents)



Net Asset Value (RMB cents)



Going for growth

Operating Revenue, Profit and Earnings

In FY2009, the Group recorded total revenue of RMB 18.8 million (versus RMB 34.2 million in FY2008), gross profit of RMB 4.7 million (versus RMB 9.1 million in FY2008), and net loss of RMB 25.7 million (versus net loss of RMB 55.8 million in FY2008).

Oil production contracts

Revenue from oil production contracts in the 33 km2 working area in Shaanbei, where the Group provides drilling and production services to a unit of Sinopec, Ganquan Daming Company, decreased by 46% to RMB 11.1 million in FY2009 as compared to RMB 20.6 million in FY2008. This is mainly due to lower production rates in the area and lower oil delivery prices. The Company had announced that it has signed a sale and purchase agreement to dispose the subsidiary that manage the oil production contract in Shaanbei in February 2010.

Oilfield services

Oilfield services recorded revenue of RMB 7.7 million in FY2009, compared to RMB 11.5 million in FY2008. This comprised revenue of RMB 5.7 million derived from technical, management and consultation services provided to associate CPHL (Cambodia) Company Ltd ("CPHLC").

Software and related services

The Group had scaled down its non-core software product sales and solutions since December 2008, thereby not recording any further revenue in this segment.

Cost and Earnings Analysis

Gross profit for the year was down from RMB 9.1 million in FY2008 to RMB 4.7 million, in tandem with the decrease in revenue.

Selling and distribution costs decreased from RMB 8.0 million in FY2008 to RMB 3.7 million in FY2009 as a result of lower transportation costs of wastage water of oil wells in Shaanbei resulting from the installation of water pipelines that manage to bring costs down significantly. Selling costs were also lower after the disposal of software product sales subsidiary, Xi'an Cenozoic Oilfield Information Engineering Co, Ltd, where a large part of marketing costs were previously incurred.

Administrative expenses also went down from RMB 15.6 million in FY2008 to RMB 11.0 million in FY2009 due to lower staff costs and other office expenses related to the scaled down software product sales business. The Company also implemented further costs cutting measures throughout the year.

Other operating expenses decreased significantly from RMB 40.8 million in FY2008 to RMB 12.2 million in FY2009. This was attributable to a major allowance for doubtful receivables and a huge impairment loss related to oilfield equipments in Shaanbei incurred in FY2008. Impairment loss related to oilfield equipments in Shaanbei for FY2009 was RMB 10.4 million, one third of that recorded in FY2008.

Financial Position and Liquidity

Group cash balance was higher at RMB 106.8 million as at 31 December 2009, versus RMB 72.8 million as at 31 December 2008 mainly due to fund raising exercises taken to buffer up resources for the development of exploration and production assets and for working capital purposes.

Property, plant and equipment, which mainly comprised development expenditures in the Shaanbei Oil Production Contract, was significantly lower at RMB 18.1 million as at 31 December 2009 versus RMB 34.8 million as at 31 December 2008. This was due to the allowance for impairment loss of RMB 10.4 million of oilfield equipment as a result of a write down to RMB 16.5 million, which was derived from its transacted price, thereby representing the fair value.

Trade receivables decreased from RMB 3.3 million as at 31 December 2008 to RMB 2.9 million as at 31 December 2009. Trade receivables were lower due to lower oil production volume and sales in Shaanbei. Other receivables remain unchanged at RMB 1.1 million as at 31 December 2009 and 2008.

Trade and other payables decreased from RMB 38.8 million as at 31 December 2008 to RMB 31.5 million as at 31 December 2009 and are mainly related to expenditures in Shaanbei Oil Production. This is expected to be reduced after the completion of the disposal of the subsidiary, XQB, in Shaanbei.

The amount due from associate company CPHLC increased from RMB 59.5 million as at 31 December 2008 to RMB 85.6 million as at 31 December 2009. The increase comprised mainly of fees due to a subsidiary of the Company arising from the provision of oilfield technical services to CPHLC that amounted to RMB 5.5 million, and advancement from the Company and its subsidiaries to CPHLC, which amounted to RMB 20.6 million.

In September 2009, the Group established an Indonesian company, PT Petroenergy Utama Wiriagar ("Wiriagar") with its Indonesian partner and each party holds a 50% equity interest in Wiriagar. The Group has invested RMB 2.0 million in Wiriagar as at 31 December 2009.

Chan Shut Li, William
EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

William is the Chairman of Mirach Energy and is responsible for setting the strategic direction and leading the Mirach Energy Group of Companies into an oil and gas exploration and production company in Asia. He is also responsible for the development of the Group's business operations both within and outside China, where he is keenly engaged in business development activities and their successful implementation. William is also the Chairman of CPHLC. He holds a Master's Degree in Business Administration from Murdoch University, Australia and is a Fellow Member of the UK Institute of Financial Accountants, as well as a Full Member of the Society of Registered Financial Planners of Hong Kong.

Lui Che Kin, Gordon
EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER

Gordon has more than 16 years of experience in corporate finance, taxation and accounting in various industries and joined Mirach Energy as the Group Chief Financial Officer in 2007. He holds a Master's Degree in Business Administration from the University of Ballarat, Australia and is a member of Hong Kong Institute of Certified Public Accountants. Gordon is also a fellow member of the Association of Chartered Certified Accountants, UK, an associate member of the Institute of Chartered Secretaries and Administrators, UK and an associate member of The Hong Kong Institute of Company Secretaries.

Liu Mei Ling, Rhoda
INDEPENDENT DIRECTOR

Rhoda has more than 20 years of experience in accounting, auditing and financial advisory services in Hong Kong and Canada. She was appointed to the Board in 2007. She is also an independent director and acts as chairman of audit committee and member of remuneration committee and nomination committee of Modern Beauty Salon Holdings Limited, a company listed on the Stock Exchange of Hong Kong Limited. Currently, Rhoda serves as a Senior Partner at Liu and Wong, CPA, where she is involved in planning, supervision and business advisory services. She had worked for Coopers & Lybrand (HK) and Ernst & Young (Canada) for several years, then worked for two local CPA firms in HK since 1992, and was promoted to partner in 1996. Rhoda holds a Bachelor of Arts Degree in Commercial Study from University of Western Ontario, Canada, where she majors in Economic and Finance, and a Master's Degree in Business Administration from McMaster University, Canada. She also holds the Professional Degree in Chinese Law Program with Tsing Hwa University in China in 2008. She is a member of the Canadian Institute of Chartered Accountants, a fellow practicing member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"), a fellow member of the Hong Kong Taxation Institute, fellow member of the Hong Kong Institute of Directors, and member of the Society of Chinese Accountants and Auditors. She was awarded the "Outstanding Accountant Ambassador 2003" by the HKICPA and Certificate of Commendation from HK Home Affair Bureau in 2008.

Xing He Ping
INDEPENDENT DIRECTOR

Mr. Xing Heping is an Independent Director of the Company. He was Director of the Cambodian Language Department at China Radio International and was a correspondent for China Xinhua News Agency for Singapore and Cambodia. Mr. Xing has conducted research on Southeast Asian issues, particularly on the Cambodian issues, and authored several books about Cambodia. He is a Council Member of the China Association of Southeast Asian Studies, Guest Research Fellow of the Southeast Asian Studies Center of Beijing University, and a Guest Researcher of the Institute for Southeast Asian Studies of Guangxi Academy of Social Sciences. Mr. Xing is also a special correspondent for the Hong Kong weekly magazine Yazhou Zhoukan (亚洲周刊) and a contributor for the leading Singapore Chinese newspaper Lianhe Zaobao (联合早报). Mr. Xing studied Cambodian Literature and History at the Royal University of Cambodia and the Royal University of Phnom Penh, with a Bachelor Degree with honors.

Lim Jun Xiong, Steven
INDEPENDENT DIRECTOR

Steven started his career as an accountant in PricewaterhouseCoopers and has more than 25 years experience in the wealth management industry. He joined Mirach Energy as an independent director in 2009. Steven holds a Bachelor Degree in Commerce from the University of Newcastle, Australia, majoring in Accounting and Finance. He is a fellow member of two renowned accounting bodies, namely the Institute of Certified Public Accountants of Singapore and CPA Australia ("CPAA") and was a Director of CPAA's Board as well as the President of its Singapore Division. In addition, he chaired CPA Australia's International Corporate Sector Advisory Committee and was a member of its Nominating Committee. He is also a member of Society of Trust and Estate Practitioners, Singapore Branch and was its Deputy President for a number of years.

Senior Management

Wang Jue

HEAD OF E&P TEAM
AND CEO OF CPHLC

Dr. Wang has more than 22 years of operational and senior management experience in exploration and production activities in the oil and gas industry and has won herself numerous awards for her technical knowledge excellence. She worked in various departments in major petroleum companies in China for about 17 years and was the head of planning of the exploration and production departments. Dr. Wang was also engaged as a senior oilfield reservoir and production engineer, a geologist in oilfield development, an assistant head of the oilfield development department, etc. She also headed various departments including the development of oilfield reservoirs. Prior to joining us, Dr. Wang worked as a senior technical consultant at Core Laboratories, KJP. Dr. Wang graduated from Chengdu College of Geology in 1986, majoring in Oil and Gas Geology and achieved her Master Degree in Exploration Engineering of Oil and Gas and Doctorate in Structural Geology from the China University of Geosciences.

Wang Lu Jiang

MANAGER, INDONESIAN PROJECTS

Mr. Wang has more than 26 years of experience in project management in the oil and gas industry. He was actively engaged in exploration and development projects as well as various technical assistance (KSO) projects in the exploration and production arena. Before joining the Group, Mr. Wang was seconded to Indonesia to manage oil fields exploration and production activities by state-owned petroleum companies of China and was engaged in numerous overseas projects, including those in Kazakhstan, Mongolia, Oman, Iraq, Myanmar, Sudan, Canada, Peru, Venezuela and Indonesia. Mr. Wang graduated in 1982 from Jianghan Petroleum Institute (now merged as Hubei University), where he majored in Geology.

Luo Jin Quan

MANAGER, OIL AND GAS FIELD DEVELOPMENT

Mr. Luo has more than 20 years of experience in managing oil and gas field development work as well as oil and gas production processes in China. He spent many years at major China oil companies as their oil and gas production manager. Mr. Luo graduated from the Exploitation and Production Department of the Southwest Petroleum University in China.

The Board of Directors ("the Board") is committed to ensuring that the highest standards of corporate governance are practised throughout Mirach Energy Limited and its subsidiaries ("the Group") as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group. The Board is pleased to confirm that it has adhered to the principles and guidelines of the new Code of Corporate Governance 2005 (the "Code") where it is applicable and practical. The Board has also established various self-regulatory and monitoring mechanisms, where applicable, to ensure that effective corporate governance is practised.

Set below are the policies and practices adopted and practised by the Group to comply with the principles and spirit of the Code. The Board confirmed that the Group has generally complied with the principles of the Code.

THE CODE

The Code is divided into four main sections, namely:

(A) Board Matters
(B) Remuneration Matters
(C) Accountability and Audit
(D) Communication with Shareholders

(A) Board Matters

Principle 1:
Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The principal functions of the Board are:

1. reviewing and approving corporate strategies, annual budgets and financial plans and monitoring the organisational performance towards them;

2. reviewing the adequacy and integrity of the company's internal controls, risk management systems, and financial information reporting systems;

3. ensuring the Group's compliance to laws, regulations, policies, directives, guidelines and internal code of conduct;

4. approving the nominations to the Board of directors by the Nominating Committee, and endorsing the appointments of management team and/or external auditors;

5. reviewing and approving the remuneration packages recommended by the Remuneration Committee for the Board and key executives;

6. reviewing and approving share options granted under the Mirach Energy Employee Share Option Scheme; and

7. ensuring accurate, adequate and timely reporting to, and communication with shareholders.

Matters which are specifically reserved to the full Board for decision include those involving corporate plans and budgets, material acquisitions and disposals of assets, corporate or financial restructuring, share issuances, dividends, other returns to shareholders and interested person transactions.

The Board has delegated specific responsibilities to 3 subcommittees (Audit, Nominating and Remuneration Committees), the details of which are set out below. These committees have the authority to examine particular issues and report back to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The Board meets on a regular basis and as when necessary to address any specific significant matters that may arise. The Articles of Association allow a Board meeting to be conducted by way of a tele-conference and a video-conference. All Board members bring about an independent judgment and diversified knowledge and experiences to bear on the issues of strategy, performance, resources and standards of conduct. The matrix on the position, the frequency of meeting and the attendance of directors at these meetings, is shown on page 21.

Principle 2:
There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises 5 members, 2 of whom are executive directors and 3 are independent directors making up at least one-third of the Board, in accordance with the Code. Together, the directors bring about wide-ranging business and financial experiences relevant to the direction of the Group. A brief description of the background of each director is presented on "Board of Directors" section.

The Board considers the current board size as adequate for its present operations. As independent directors make up a majority of the Board, no individual or group is able to dominate the Board's decision-making process. There is also balance in the Board because of the presence of independent directors of the calibre necessary to carry sufficient weight in Board decisions. Although all the directors have an equal responsibility for the Group's operations, the role of these independent directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, and take into account the long term interests, not only of the shareholders, but also of employees, customers, suppliers, and the many communities in which the Group conducts business.

The investment of minority shareholders is fairly reflected through Board representation.

Principle 3:
There should be a clear division of responsibilities at the top of the company - the working of the Board and the executive responsibility of the company's business - which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

It is the view of the Board that it is in the best interests of the Group to adopt a single leadership structure i.e. where the CEO and the Executive Chairman of the Board is the same person, so as to ensure that the decision-making process of the Group would not be unnecessarily hindered.

The Executive Chairman ensures that the board meetings are held when necessary and sets the board meeting agenda. The Executive Chairman reviews the board papers prior to presenting them to the Board. The Executive Chairman ensures that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Group. Major decisions made by the Executive Chairman and CEO are brought up by him for discussion and review at Board meetings. His performance and appointment to the Board are reviewed periodically by the Nominating Committee and his remuneration package is reviewed periodically by the Remuneration Committee. Both the Nominating Committee and the Remuneration Committee comprise a majority of independent directors of the Company. As such, the Board believes that there are adequate safeguards against an uneven concentration of power and authority in a single individual.

Principle 4:
There should be a formal and transparent process for the appointment of new directors to the Board

NOMINATING COMMITTEE

The Nominating Committee comprises four members, a majority of whom are independent directors. The members of the Nominating Committee are:-

Mr Lim Jun Xiong, Steven	(Chairman and Independent Director)
Mr Chan Shut Li William	(Executive Chairman and Chief Executive Officer)
Ms Liu Mei Ling, Rhoda	(Independent Director)
Mr Xing Heping	(Independent Director)

In 2009 the Nominating Committee had 1 meeting. The matrix on the position, the frequency of meeting and the attendance of directors at this meeting is shown on page 21.

The terms of reference for the Nominating Committee are to:

- set a framework to identify and nominate to the Board, candidates for all directorships to be filled by shareholders or the Board; candidates for all executive management positions; and directors to fill the seats on Board committees;
- oversee the management development and succession planning of the Group, including appointing, training and mentoring senior management;
- determine the objective criteria on evaluating the Board's performance; and
- assess the effectiveness of the Board as a whole and the contribution by each director to the Board.

ELECTION AND RE-ELECTION

New directors are appointed by way of a board resolution, upon their nomination from Nominating Committee. In accordance with the Company's Articles of Association, these new directors who are appointed by the Board shall hold office only until the next Annual General Meeting and shall then be eligible for election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. The Articles also provide that at least one third of the remaining directors be subject to re-election by rotation at each Annual General Meeting.

Principle 5:
There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The Nominating Committee assesses the effectiveness of the Board as a whole and the Committees of the Board on an annual basis. In this aspect, both quantitative and qualitative criteria were adopted. The criteria adopted include the effectiveness of the Board in its monitoring role and the attainment of the strategic and long-term objectives set by the Board. The Nominating Committee also considers the required mix of skills, experience and core competencies of the members should bring to the Board, during this assessment.

Principle 6:
In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

All directors review a Board report prior to the Board meeting. The Board report includes, among others, the following details:

- minutes of meetings of all Committees of the Board;
- performance report of the Group; and
- major operational and financial issues.

The directors have also been provided with the contact numbers and e-mail particulars of Group's executive management.

The directors, whether as a full Board or in their individual capacity, may take independent advice, where necessary, in the furtherance of their duties and at the Group's expense.

All directors have access to the advice and services of the Company Secretary. The Company Secretary attends the meetings of the Board, and ensures that board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also attends the meetings of the Audit Committee, Remuneration Committee and Nominating Committee.

(B) Remuneration Matters

Principle 7:
There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

REMUNERATION PROCEDURE

The Code endorses, as good practice, a formal framework for fixing the remuneration packages of individual, with a Remuneration Committee making recommendations to the Board.

The Company adopted the objective as recommended by the Code to determine the remuneration for a director so as to ensure that the Company attracts and retains the directors needed to run the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance in the case of executive directors.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three members, all of whom are independent directors. The members of the Remuneration Committee are:-

Mr Xing Heping	(Chairman and Independent Director)
Mr Lim Jun Xiong, Steven	(Independent Director)
Ms Liu Mei Ling, Rhoda	(Independent Director)

The principal responsibilities of Remuneration Committee are:

1. recommending a framework of executive remuneration for the Board and key executives;

2. determining specific remuneration packages for each executive director and key management personnel; and

3. administering the performance bonus scheme and the share option scheme for the employees of the Group.

In 2009 the Remuneration Committee had 1 meeting. The matrix on the position, the frequency of meeting and the attendance of directors at this meeting is shown on page 21.

Principle 8:
The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive director's remuneration should be structured so as to link rewards to corporate and individual performance.

Principle 9:
Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

The Remuneration Committee recommends to the Board the framework of executive remuneration, and the remuneration package for each executive director and key management personnel. Although the recommendations are made in consultation with the Chairman of the Board as well, the remuneration packages are ultimately approved by the entire Board.

REMUNERATION PACKAGE

The remuneration package of directors and key management personnel includes the following:

(a) Basic salary

The basic salary (inclusive of statutory employer contributions to Central Provident Fund, if applicable) for each executive director/key management personnel is recommended by the Remuneration Committee, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable organisations.

(b) Fees

The fees paid/payable to independent directors takes into account factors such as effort and time spent, and responsibilities of these directors. The remuneration of independent directors are submitted for approval at the Annual General Meeting. Executive directors do not receive directors' fees.

(c) Bonus scheme

The Group operates a bonus scheme for all employees, including the executive directors and key management personnel. The criteria for the scheme is the level of profit achieved from certain aspects of the Group's business activities against targets, together with an assessment of corporate and individual's performance during the year. Bonuses payable to the executive directors/key management personnel are reviewed by the Remuneration Committee and approved by the Board to ensure alignment of their interests with those of shareholders.

(d) Benefits in kind

Other customary benefits (such as private medical cover, housing, car) are made available as appropriate.

(e) Service contract

The notice period for the termination of Executive Directors' service contracts by either party giving not less than 6 months' notice to the other.

(f) Mirach Energy Employee Share Option Scheme

The Mirach Energy Employee Share Option Scheme (the "Scheme") has been approved and the Group has granted options to its senior executives and Independent Directors under the Scheme. Matters relating to the Scheme were administered by the Remuneration Committee. The information of the participants is shown on page 24.

REMUNERATION MATTERS

A breakdown showing the level and mix of each individual director's remuneration payable for FY 2009 is as follows:

	2008	2009
$500,000 and above	–	–
$250,000 to below $500,000	–	–
Below $250,000	7	7
Total	7	7

Name	Remuneration Band S$	Salary %	Bonus %	Fringe Benefits %	Directors' Fees %	Total %
Chan Shut Li, William	Below S$250,000	100	–	–	–	100
Lui Che Kin, Gordon	Below S$250,000	100	–	–	–	100
Liu Mei Ling, Rhoda	Below S$250,000	–	–	–	100	100
Xing Heping(1)	Below S$250,000	–	–	–	100	100
Lim Jun Xiong, Steven(2)	Below S$250,000	–	–	–	100	100
Lee Beng Cheng, Billy(3)	Below S$250,000	–	–	–	100	100
Chen Wei Ching, Vincent(3)	Below S$250,000	–	–	–	100	100

Notes:

(1) Mr Xing Heping appointed as director of the Company on 1 April 2009.
(2) Mr Lim Jun Xiong, Steven appointed as director of the Company on 15 May 2009.
(3) Mr Lee Beng Cheng, Billy and Mr Chen Wei Ching, Vincent resigned as directors of the Company on 27 April 2009.

Remuneration of the top 5 key executives

Name	Remuneration Band	Salary %	Bonus %	Fringe Benefits %	Directors' Fees %	Total %
Chan Shut Li, William	Below S$250,000	100	–	–	–	100
Lui Che Kin, Gordon	Below S$250,000	100	–	–	–	100
Wang Jue	Below S$250,000	100	–	–	–	100
Lam Mei Fong, Joanna	Below S$250,000	100	–	–	–	100
Low Chiew Leng, Maggie	Below S$250,000	100	–	–	–	100

The Company does not have any employee who is an immediate family member of a director or CEO.

(C) ACCOUNTABILITY AND AUDIT

Principle 10:
The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

In presenting the annual financial statements and quarterly announcements to shareholders, the directors aim to present a balanced and understandable assessment of the Group's position and prospects.

In preparing the financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on an going concern basis as the directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

Principle 11:
The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

AUDIT COMMITTEE

The Audit Committee comprises three members, all of whom, including the Chairman are independent directors. At the date of this report, the Audit Committee comprises the following members:

Ms Liu Mei Ling, Rhoda	(Chairman and Independent Director)
Mr Xing Heping	(Independent Director)
Mr Lim Jun Xiong, Steven	(Independent Director)

The Audit Committee has recommended the nomination of LTC LLP, for re-appointment as auditors of the Company at the forthcoming Annual General Meeting. The Audit Committee has conducted an annual review of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before confirming their recommendation.

There was no non-audit fee paid/payable to the auditors of the Company for the financial year ended 31 December 2009.

In 2009 the Audit Committee had 4 meetings. The Executive Chairman and the Chief Financial Officer were invited to attend the meetings. The matrix on the position, the frequency of meeting and the attendance of directors at these meetings, is shown on page 21.

The functions of the Audit Committee include the following:

- review with the external auditors, the audit plan, the evaluation of the internal accounting controls, audit reports and any matters which the external auditors wish to discuss (in the absence of management, where necessary);
- make recommendations to the Board on the appointment of external auditors, the audit fee and any questions of their resignation or dismissal;
- monitor interested person transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of action that raises questions of management integrity. The Committee is also required to ensure that directors report such transactions annually to shareholders via the annual report;
- review quarterly reporting to SGX-ST and year end annual financial statements of the Group before submission to the Board, focusing on:
  - going concern assumption;
  - compliance with accounting standards and regulatory requirements;
  - any changes in accounting policies and practices;
  - significant issues arising from the audit;
  - major judgmental areas; and
  - any other functions which may be agreed by the Audit Committee and the Board.

Principle 12:
The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system can provide only reasonable, and not absolute, assurance against material misstatement of loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk.

The Chief Financial Officer performs detailed work to assist the Audit Committee and the Board in the evaluation of the internal controls, financial and accounting matters, compliance, business and financial risk management.

Principle 13:
The company should establish an internal audit function that is independent of the activities it audits.

The Company has outsourced its internal audit function to an external professional firm, who reports directly to the Chairman of Audit Committee. The objective of the internal audit function is to determine whether the Group's risk management, control and governance processes, as designed by the Company, are adequate and functioning in the required manner. The Audit Committee will review the adequacy of the internal audit function annually to ensure that it is adequately resourced and has appropriate standing within the Company.

(D) COMMUNICATION WITH SHAREHOLDERS

Principle 14:
Companies should engage in regular, effective and fair communication with shareholders.

The Company does not practice selective disclosure. Results and annual reports are announced or issued to the public through SGXNET within the mandatory period. The Group values dialogue with investors. The Chairman and executive directors intend to hold discussions with analysts and shareholders to explain the Group's strategy, performance and major developments whenever appropriate. However, any information that may be regarded as undisclosed material information about the Group will not be given.

Principle 15:
Companies should encourage greater shareholder participation at Annual General Meetings and allow shareholders the opportunity to communicate their views on various matters affecting the company.

At each Annual General Meeting, the Board presents the progress and performance of the business and encourages shareholders to participate in the question and answer session. Executive directors and, where appropriate, the Chairman of the Audit, Nominating and Remuneration Committees, and external auditors are available to respond to shareholders' questions during the meeting. Where appropriate, the Chairman of the Board will undertake to provide the shareholders with a written answer to any significant question that cannot be readily responded on the spot.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution.

DEALINGS IN SECURITIES

The Group has adopted internal codes pursuant to the Listing Rule 1207(18) of the Listing Manual applicable to all its officers in relation to dealing in the Company's securities. Its officers are not allowed to deal in the Mirach Energy Limited's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month before the full year results announcement, as the case may be, and ending on the date of announcement of the relevant results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

SUMMARY OF BOARD AND COMMITTEES MEETINGS HELD IN 2009

	Board of Directors			Audit Committee			Nominating Committee			Remuneration Committee		
	Number of Meetings*			Number of Meetings*			Number of Meetings*			Number of Meetings*		
	Position	Held	Attended	Position	Held	Attended	Position	Held	Attended	Position	Held	Attended
Executive Directors ('ED')												
Chan Shut Li William	C	6	6	–	4	4	M	1	1	–	1	1
Lui Che Kin, Gordon	M	6	6	–	4	4	–	1	1	–	1	1
Independent Directors												
Liu Mei Ling, Rhoda	M	6	6	C	4	4	M	1	1	M	1	1
Xing Heping(1)	M	6	4	M	4	3	M	1	–	C	1	–
Lim Jun Xiong, Steven(2)	M	6	3	M	4	2	C	1	–	M	1	–
Lee Beng Cheng, Billy(3)	M	6	2	M	4	1	C	1	1	M	1	1
Chen Wei Ching, Vincent(3)	M	6	2	M	4	1	M	1	1	C	1	1

Denotes:
C – Chairman
M – Member
* Number of Meetings held/attended during the financial year from 1 January 2009 to 31 December 2009 or during the period the person was a director.
(1) Mr Xing Heping appointed as director of the Company on 1 April 2009
(2) Mr Lim Jun Xiong, Steven appointed as director of the Company on 15 May 2009
(3) Mr Lee Beng Cheng, Billy and Mr Chen Wei Ching, Vincent resigned as directors of the Company on 27 April 2009

RISK MANAGEMENT

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the Audit Committee and the Board. The risk issues are highlighted on pages 58 to 63 under note 26 to the financial statements.

MATERIAL CONTRACTS

There were no materials contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, any director, or controlling shareholder.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and those transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. There were no interested person transactions for the financial year ended 31 December 2009.

Financial Contents

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2009 and the statement of financial position of the Company as at 31 December 2009.

Directors

The directors of the Company in office at the date of this report are as follows:

Chan Shut Li, William	
Lui Che Kin, Gordon	
Liu Mei Ling, Rhoda	
Xing Heping	(appointed on 1 April 2009)
Lim Jun Xiong, Steven	(appointed on 15 May 2009)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company (other than wholly–owned subsidiaries) are as follows:

	Direct	
Name of director and corporation in which interests are held	**Holdings at beginning of the year**	**Holdings at end of the year**
The Company		
Ordinary shares fully paid		
Chan Shut Li, William	46,424,183	185,696,732
Share options		
Lui Che Kin, Gordon	2,900,000	2,900,000
Liu Mei Ling, Rhoda	500,000	500,000

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations.

There were no changes of the above–mentioned interests in the Company between the end of the financial year and 21 January 2010.

Arrangements to enable directors to acquire shares and debentures

Except as disclosed under the "Share options" section of this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' contractual benefits

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 25 to the financial statements, since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Share options

The Mirach Energy Employee Share Option Scheme (the “Mirach Energy Scheme”) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 27 April 2004. The Mirach Energy Scheme is administered by the Company’s Remuneration Committee comprising three directors, namely, Xing Heping, Liu Mei Ling, Rhoda and Lim Jun Xiong, Steven.

Other information regarding the Mirach Energy Scheme is as follows:

(i) *Participants*

Under the rules of the Mirach Energy Scheme, executive and non–executive directors and employees of the Group, who are non controlling shareholders or their associates (as defined in the SGX Listing Manual), are eligible to participate in the Mirach Energy Scheme.

(ii) *Scheme Administration*

The Mirach Energy Scheme shall be administered by a committee comprising Directors (the “Scheme Committee”), with the powers to determine, inter alia, the following:

(a) persons to be granted options;

(b) number of options to be offered; and

(c) recommendations for modifications to the Mirach Energy Scheme.

(iii) *Scheme Size*

The aggregate number of shares over which the Scheme Committee may grant options on any date, when aggregated with the number of shares issued and issuable in respect of all options granted under the Mirach Energy Scheme and any other share option schemes of the Company, shall not exceed 15 percent of the issued shares of the Company on the day preceding the date of the relevant grant.

The number of shares comprised in any options to be offered to a participant in the Mirach Energy Scheme shall be determined at the absolute discretion of the Scheme Committee, who shall take into account criteria such as rank, past performance, years of service and potential for future developments of that participant.

(iv) *Options, Exercise Period and Exercise Price*

The options that are granted under the Mirach Energy Scheme may have exercise prices that are at the Scheme Committee’s discretion:

(a) Set at a discount to a price (the “Market Price”) equal to the average of the last dealt prices for the shares on the SGX–ST for the five consecutive market days immediately preceding the relevant date of grant of the relevant option of a Share (subject to a maximum discount of twenty per cent) in which event, such options may be exercised after the second anniversary from the date of grant of the option; or

(b) Fixed at the Market Price (“Market Price Option”). Market Price Options may be exercised after the first anniversary of the date of grant of that option. Options granted under the Mirach Energy Scheme will have a life span of five years.

(v) *Duration of the Mirach Energy Scheme*

The Mirach Energy Scheme shall continue in operation for a maximum duration of 10 years and may be continued for any further period thereafter with the approval of the Company’s shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of options to take up unissued shares of the Company or its subsidiaries.

As at 31 December 2009, there are 8.8 million outstanding options under the Mirach Energy Scheme. Details of options granted to directors up to 31 December 2009, have been disclosed in the directors' interests. Except as disclosed above, at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Independent Auditors

The independent auditors, LTC LLP, have expressed their willingness to accept re–appointment.

On behalf of the directors

Chan Shut Li, William
Director

Lui Che Kin, Gordon
Director

Singapore, 1 April 2010

Statement by Directors

In the opinion of the directors:

(a) The statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 28 to 68 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the results of the business, changes in equity and cash flows of the the Group for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the directors

Chan Shut Li, William
Director

Lui Che Kin, Gordon
Director

Singapore, 1 April 2010

Independent Auditors' Report

To the Members of Mirach Energy Limited

For the financial year ended 31 December 2009

We have audited the accompanying financial statements of Mirach Energy Limited (the "Company") and its subsidiaries (the "Group") set out on pages 28 to 68, which comprise the statements of financial position of the Company and of the Group as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act Cap.50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the 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,

a) the statement of financial position of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

LTC LLP
Public Accountants and
Certified Public Accountants

Singapore, 1 April 2010

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2009

	Note	Group 2009 RMB'000	Group 2008 RMB'000
Revenue	3	18,775	34,210
Cost of sales		(14,118)	(25,082)
Gross profit		4,657	9,128
Other income	4(a)	1,477	2,278
Research and development costs	5	–	(1,249)
Selling and distribution expenses		(3,684)	(7,956)
Administrative expenses		(11,044)	(15,603)
Other operating expenses		(12,215)	(40,842)
Loss from operations		(20,809)	(54,244)
Finance income	4(d)	569	850
Finance costs	4(d)	(15)	(127)
Net finance income		554	723
Share of losses of associates	6	(5,310)	(2,651)
Share of loss of a joint venture	7	(125)	–
Loss before income tax	4	(25,690)	(56,172)
Income tax expense	8	–	390
Net loss for the financial year		(25,690)	(55,782)
Other comprehensive income:			
Currency translation differences arising from consolidation		(754)	(2,679)
Other comprehensive income for the year, net of tax		(754)	(2,679)
Total comprehensive income for the year		(26,444)	(58,461)
Loss attributable to:			
Equity holders of the Company		(25,690)	(55,503)
Minority interests		–	(279)
		(25,690)	(55,782)
Total comprehensive income attributable to:			
Equity holders of the Company		(26,444)	(58,182)
Minority interests		–	(279)
		(26,444)	(58,461)
Loss per share attributable to equity holders of the Company (RMB cents):			**(Restated)**
– Basic	9	(4.21)	(15.26)
– Diluted	9	(4.21)	(15.26)

The accounting policies and explanatory notes form an integral part of the consolidated financial statements.

Statements of Financial Position

As at 31 December 2009

	Note	Group 2009 RMB'000	Group 2008 RMB'000	Company 2009 RMB'000	Company 2008 RMB'000
Current assets					
Cash and cash equivalents	10(a)	106,835	72,798	44,602	2,012
Pledged fixed deposit	10(b)	4,528	5,059	4,528	5,059
Trade and other receivables	11	4,026	4,425	336	721
Amount due from an associate	12	85,566	59,505	8,756	6,987
Amounts due from subsidiaries (non–trade)	13	–	–	15,291	24,257
Inventories	14	323	2,148	–	776
		201,278	143,935	73,513	39,812
Non–current assets					
Property, plant and equipment	15	18,087	34,780	112	180
Subsidiaries	17	–	–	111,856	110,931
Associates	6	43,956	46,597	43,956	46,597
Joint venture	7	1,926	–	–	–
		63,969	81,377	155,924	157,708
Total assets		265,247	225,312	229,437	197,520
Equity attributable to equity holders of the Company					
Share capital	18	270,579	196,425	270,579	196,425
Reserves	19	(36,847)	(11,057)	(107,077)	(64,332)
Total equity		233,732	185,368	163,502	132,093
Current liabilities					
Trade and other payables	20	31,515	38,820	19,299	16,087
Amounts due to subsidiaries (non–trade)	13	–	–	46,636	49,340
Amount due to a related company	21	–	624	–	–
Amount due to a director	22	–	500	–	–
		31,515	39,944	65,935	65,427
Total liabilities		31,515	39,944	65,935	65,427
Total equity and liabilities		265,247	225,312	229,437	197,520

The accounting policies and explanatory notes form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2009

Group	Share capital RMB'000	Merger reserve RMB'000	Statutory /equity reserves RMB'000	Foreign exchange reserve RMB'000	Accumulated profits/ (losses) RMB'000	Total attributable to equity holders of the Company RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2008	196,425	5,055	9,004	(4,200)	36,773	243,057	6,657	249,714
Share options reserve recognised	–	–	493	–	–	493	–	493
Disposal of a subsidiary	–	–	–	–	–	–	(6,378)	(6,378)
Total comprehensive income for the year	–	–	–	(2,679)	(55,503)	(58,182)	(279)	(58,461)
At 31 December 2008	196,425	5,055	9,497	(6,879)	(18,730)	185,368	–	185,368
At 1 January 2009	196,425	5,055	9,497	(6,879)	(18,730)	185,368	–	185,368
Issued shares under rights issue	39,668	–	–	–	–	39,668	–	39,668
Issued shares under private placement	34,486	–	–	–	–	34,486	–	34,486
Transfer of share option reserve	–	–	(1,267)	–	1,267	–	–	–
Share options reserve recognised	–	–	654	–	–	654	–	654
Total comprehensive income for the year	–	–	–	(754)	(25,690)	(26,444)	–	(26,444)
At 31 December 2009	270,579	5,055	8,884	(7,633)	(43,153)	233,732	–	233,732

The accounting policies and explanatory notes form an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2009

	Group	
	2009	2008
	RMB'000	RMB'000
Cash flow from operating activities		
Loss before income tax	(25,690)	(56,172)
Adjustments for :		
Interest expenses	15	127
Interest income	(569)	(850)
Depreciation of property, plant and equipment	6,460	10,728
Amortisation of intangible assets	–	354
Allowance for doubtful trade receivables	–	352
Allowance for doubtful other receivables	623	7,977
Loss on disposal of property, plant and equipment	3	117
Loss on disposal of a subsidiary	–	963
Gain on disposal of a subsidiary	–	(1,481)
Impairment loss on intangible assets	–	149
Impairment loss on oil field equipments	10,390	29,365
Allowance for impairment loss on inventories	776	1,329
Share options expense	654	493
Deferred income reversal	–	(246)
Share of losses of associates	5,310	2,651
Share of loss of a joint venture	125	–
Operating cash flow before working capital changes	(1,903)	(4,144)
Changes in working operating assets and liabilities		
Inventories	1,049	238
Trade and other receivables	(224)	9,694
Balance with related companies	(624)	(1,618)
Balance with director	(500)	(7,033)
Amount due from an associate	(26,061)	(9,977)
Trade and other payables	(7,185)	(12,412)
Cash used in operations	(35,448)	(25,252)
Interest received	569	850
Interest paid	(15)	(127)
Cash flows used in operating activities	(34,894)	(24,529)
Cash flows from investing activities		
Purchases of property, plant and equipment	(537)	(12,568)
Net cash outflow on disposal of a subsidiary	–	(4,463)
Proceeds from disposals of property, plant and equipment	257	197
Investment in associates	(3,298)	–
Investment in a joint venture	(2,051)	–
Cash flows used in investing activities	(5,629)	(16,834)

The accounting policies and explanatory notes form an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2009

	2009 RMB'000	2008 RMB'000
Cash flows from financing activities		
Pledged fixed deposits	531	(105)
Net proceeds from rights issue	39,668	–
Net proceeds from share placement exercise	34,486	–
Cash flows generated from/(used in) financing activites	74,685	(105)
Net increase/(decrease) in cash and cash equivalents	34,162	(41,468)
Cash and cash equivalents at beginning of year	72,798	116,683
Effects of exchange rate changes on balances held in foreign currencies	(125)	(2,417)
Cash and cash equivalents at end of year	106,835	72,798

The aggregate cash outflows arising from disposals of subsidiaries are as follows:

	Group	
	2009 RMB'000	2008 RMB'000
Net identifiable assets disposed:		
Cash and cash equivalents	–	5,571
Intangible assets	–	738
Property, plant and equipment	–	7,498
Inventories	–	76
Trade receivables	–	2,028
Other receivables	–	4,616
Trade payables	–	(2,183)
Other payables	–	(3,324)
Minority interests	–	(6,378)
Net identifiable assets disposed	–	8,642
Net gain on disposals of subsidiaries	–	518
Total consideration		9,160
Total cash proceeds from disposals	–	1,108
Less: cash and cash equivalents in subsidiaries disposed	–	(5,571)
Net cash outflow on disposal	–	(4,463)

The accounting policies and explanatory notes form an integral part of the consolidated financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Domicile and activities

Mirach Energy Limited (the "Company") is incorporated in the Republic of Singapore and is a public limited company listed on the Singapore Exchange Securities Trading Limited. Its registered office is at 8 Cross Street, #11– 00 PWC Building, Singapore 048424.

The principal activities of the Company are those relating to investment holding. The principal activities of its subsidiaries are those relating to provision of data management information systems, information technology solutions, design, development and sale of standardised business software solutions, provision of oilfield services and sale of hardware products and equipments, oil and gas exploration and production and oilfield development.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group").

The statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2009 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

2 Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

(a) Basis of accounting

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements are expressed in Renminbi ("RMB") which is the Company's functional currency and rounded to the nearest thousand unless otherwise stated. They have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

(b) Going concern assumptions

The financial statements of the Group are prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

During the financial year ended 31 December 2009, the Group has recorded a net cash outflow from operating activities of approximately RMB34,894,000 (2008: RMB24,529,000) and a net loss attributable to equity holders of the Company of approximately RMB25,690,000 (2008: RMB55,503,000). Whilst the Group has continued recording net losses for three consecutive financial years, the continuation of the Group as a going concern is dependent upon its ability to generate sufficient cash from operating activities. Notwithstanding the net cash outflow and continuation of recorded net losses, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, accordingly, they continue to adopt the going concern assumptions in preparing the financial statements on the followings basis:

(i) As at 31 December 2009, the Group has net current assets of approximately RMB169,763,000, including cash and cash equivalents of approximately RMB106,835,000;

2 Basis of preparation and summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

(b) Going concern assumptions (cont'd)

(ii) The Group is not dependent on borrowings from financial institutions nor is dependent on third parties financing; and

(iii) The Group holds sufficient cash and cash equivalents to meet the expected cash flow needs for its operating activities for the next twelve months after the balance sheet date. As at 31 December 2009, the Group's cash and cash equivalents is three times of the net cash outflow from operating activities for the financial year ended on that date.

The directors are of the opinion that the going concern assumptions in the preparation of the financial statements of the Group are appropriate.

(c) Adoption of new and revised Singapore Financial Reporting Standards

On 1 January 2009, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The following are the new or revised FRS and INT FRS that are relevant to the Group:

FRS 1 (revised) Presentation of financial statements (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has chosen to adopt the former alternative. Where comparative information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 1 January 2008 in the current financial year.

FRS 108 Operating segments (effective from 1 January 2009) replaces FRS 14 Segment reporting, and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. Segment revenue, segment profits and segment assets are also measured on a basis that is consistent with internal reporting.

2.2 Summary of significant accounting policies

(a) Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(i) Sales of software products

Revenue from sales of software licences is recognised in profit or loss when delivery has occurred, the fee is fixed or determinable and collection is probable.

(ii) Sales of hardware products and equipments

Revenue from sales of hardware products and equipments is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

2 Basis of preparation and summary of significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(a) Revenue recognition (cont'd)

(iii) Rendering of service – Logistics services

Revenue from fixed-price consulting arrangement is recognised over the contract period based upon output basis.

(iv) Oil production income

Revenue is recognised upon the transfer of risks and regards of ownership of the oil output to the customer, which generally coincides with delivery and acceptance of the oil.

(v) Interest income

Interest income on bank deposits is recognised in profit or loss as it accrues using the effective interest method.

(b) Finance expense

Finance expense comprises interest expense on borrowings which is recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

(c) Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2 Basis of preparation and summary of significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(d) Group accounting

(i) Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to a majority 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.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the dates of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition, irrespective of the extent of minority interest.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the Group. They are measured at the minorities' share of fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the minorities' share of losses in a subsidiary exceeds its interests in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minorities are attributed to the equity holders of the Company, unless the minorities have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minorities' share of losses previously absorbed by the equity holders of the Company are fully recovered.

Please refer to paragraph (g) for the accounting policy on investment in subsidiaries in the separate financial statements of the Company.

(ii) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recognised in profit or loss. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the Group's incremental share of the carrying value of identifiable net assets of the subsidiary.

(iii) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, and generally accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

2 Basis of preparation and summary of significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(d) Group accounting (cont'd)

(iii) Associated companies (cont'd)

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in equity directly. These post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Dilution gains and losses arising from investments in associated companies are recognised in profit or loss.

(iv) Joint venture

The Group's joint venture is an entity over which the Group has contractual arrangements to jointly share the control over the economic activity of the entity with one or more parties. The Group's interest in the joint venture is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses.

Investment in joint venture is initially recognised at cost. In applying the equity method, the Group's share of its joint venture's post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in equity directly. These post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in the joint venture equals or exceeds its interest in the joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or had made payments on behalf of the joint venture.

Unrealised gains resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless transaction provides evidence of an impairment of the asset transferred.

The accounting policies of the joint venture has been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2 Basis of preparation and summary of significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Property, plant and equipment

(i) Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The leasehold land is included in property, plant and equipment as the lease payment cannot be allocated reliably between land and building elements. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Depreciation

Depreciation on property, plant and equipment is recognised in profit or loss on a straight-line basis over their estimated useful lives as follows:

	Useful lives
Computer equipment	5 years
Furniture, fittings and office equipment	5 years
Motor vehicles	5 to 10 years
Production oil wells	over the unexpired terms of the contract
Leasehold land and buildings	20 years or over the unexpired terms of the lease, whichever is shorter

The residual values, estimated useful lives and depreciation method in respect of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(iii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset 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. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(iv) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2 Basis of preparation and summary of significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(f) Intangible assets

(i) Goodwill on acquisitions

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries at the date of acquisition.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained earnings in the year of acquisition and not recognised in profit or loss on disposal.

(ii) Research and development costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as an expense when it is incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as an expense when it is incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss using the straight–line method over the estimated useful lives.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. These intangible assets are amortised in profit or loss on a straight-line basis over their estimated useful lives of 3 to 6 years, from the date they are available for use.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(g) Investment in subsidiaries

Investment in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investment in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2 Basis of preparation and summary of significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(h) Impairment of non-financial assets

Intangible assets other than goodwill on acquisistions, property, plant and equipment and investments in subsidiaries, associated companies and joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at a revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment is also recognised in profit or loss.

(i) Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

(i) Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The designation of financial assets at fair value through profit or loss is irrevocable.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised and derecognised on trade-dates – the dates on which the Group commits to purchase or sell the assets.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

2 Basis of preparation and summary of significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(i) Financial assets (cont'd)

(iii) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

(iv) Subsequent measurement

Loans and receivable are subsequently carried at amortised cost using the effective interest method.

(j) Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

(k) Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

(l) Fair value estimation of current financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

(m) Leases

Operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight–line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Contingent rents are recognised as income in profit or loss when earned.

(n) Inventories

Inventories represent the hardwares, pipelines, spare parts and consumables of the Group and are stated at lower of cost and net realisable value. Cost is determined using the weighted average method. Costs comprises purchase costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2 Basis of preparation and summary of significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(o) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

(q) Employee benefits

The Group's contributions are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred.

(ii) Short-term benefits

Short–term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short–term cash bonus or profit–sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account when new ordinary shares are issued, or to the "treasury shares" account when treasury shares are re-issued to the employees.

2 Basis of preparation and summary of significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(r) Currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in RMB, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(iii) Translation of Group entities' financial statements

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

1. Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;

2. Income and expenses are translated at average exchange rates (unless the 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 using the exchange rates at the dates of the transactions); and

3. All resulting currency translation differences are recognised in the currency translation reserve.

(s) Cash and cash equivalent

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and cash at banks.

(t) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3 Revenue

	Group 2009 RMB'000	Group 2008 RMB'000
Software sales and related services	–	2,143
Oilfield services	7,552	11,509
Oilfield equipment sales	127	–
Oil production contracts	11,096	20,558
	18,775	34,210

4 Loss before income tax

Loss before income tax is arrived at after charging/(crediting):

		Note	Group 2009 RMB'000	Group 2008 RMB'000
(a)	**Other income**			
	Deferred income reversal		–	(246)
	Net foreign exchange gains		(588)	–
	Gain on disposal of a subsidiary		–	(1,481)
	Write back of other payables		(600)	–
	Sundry income		(289)	(551)
			(1,477)	(2,278)
(b)	**Staff costs**			
	Wages and salaries		6,022	8,009
	Contributions to defined contribution plans		193	311
	Share options expense		654	493
			6,869	8,813
(c)	**Other items**			
	Cost of inventories sold		45	110
	Amortisation of intangible assets	16	–	354
	Depreciation of property, plant and equipment	15	6,460	10,728
	Operating lease charges in respect of properties		1,824	2,094
	Loss on disposal of property, plant and equipment		3	117
	Loss on disposal of a subsidiary		–	963
	Net foreign exchange losses		–	590
	Impairment loss on intangible assets	16	–	149
	Allowance for impairment loss on inventories	14	776	1,329
	Impairment loss on oil field equipment	15	10,390	29,365
	Allowance for doubtful trade and other receivables	11	623	8,329

(d) Finance income comprises mainly interest income recognised from bank deposits and finance costs comprise mainly interest charges from banks.

5 Research and development costs

	Group	
	2009 RMB'000	2008 RMB'000
Staff costs	–	828
Amortisation of acquired software	–	107
Travelling	–	84
Others	–	230
	–	1,249

6 Associates

	Group and Company	
	2009 RMB'000	2008 RMB'000
Cost of investment in associates	57,715	54,417
Share of post-acquisition reserves	(13,759)	(7,820)
Unquoted equity share, net	43,956	46,597

Details of the associates are as follows:

Name of associate	Principal activities	Country of incorporation/business	Effective equity held by the Group	
			2009 %	2008 %
*CPHL (Cambodia) Co., Ltd	Oil and gas exploration and production	Kingdom of Cambodia	48	48
#P.T. Kamundan Energy	Oil and gas exploration and production	Indonesia	42	42

* Audited by KPMG Cambodia Ltd., Cambodia.

Audited by DRS. Thomas, Lesmana, Blasius, Widartoyo & Rekan, Registered Public Accountants, Indonesia.

6 Associates (cont'd)

Summarised financial information in respect of the Group's associates is set out below:

	The Group and Company	
	2009 RMB'000	2008 RMB'000 (Restated)
Total assets	102,245	94,024
Total liabilities	100,949	88,990
Net assets	1,296	5,034
Group's share of associates' net assets	56	2,107
Unproved concessionary rights	64,510	64,510
Deferred tax liabilities on unproved concessionary rights	(19,574)	(19,574)
Revenue	–	–
Loss for the year	(11,618)	(6,002)
Group's share of associates' losses for the year	(5,310)	(2,651)

During the preparation of the financial statements of CPHL (Cambodia) Co., Ltd ("CPHLC") for the year ended 31 December 2009, CPHLC recorded exploration and evaluation assets of RMB18,453,000 incurred in 2006 which should have been recorded in prior year financial statements. CPHLC had restated and increased the corresponding total assets and total liabilities by RMB18,453,000 at the beginning of the earliest comparative period. There is no impact on the Group's corresponding share of associate's net assets and net loss for the year.

7 Joint venture

	Group	
	2009 RMB'000	2008 RMB'000
Cost of investment in a joint venture	2,051	–
Share of post-acquisition reserves	(125)	–
Unquoted equity share, net	1,926	–

Details of the joint venture are as follows:

Name of joint venture	Principal activities	Country of incorporation/business	Effective equity held by the Group 2009 %	Effective equity held by the Group 2008 %
PT Petroenergy Utama Wiriagar	Oil and gas exploration and production	Indonesia	50	–

7 Joint venture (cont'd)

Summarised financial information in respect of the Group's share of joint venture is set out below:

	Group 2009 RMB'000	Group 2008 RMB'000
Non-current assets	16	–
Current assets	1,911	–
Total assets	1,927	–
Current liabilities	3	–
Total liabilities	3	–
Revenue	–	–
Expenses	(125)	–
Net loss for the year	(125)	–

8 Income tax expense

	Group 2009 RMB'000	Group 2008 RMB'000
Deferred income tax (Note 23)	–	(390)
Reconciliation of effective tax rate		
Loss before income tax	(25,690)	(56,172)
Notional tax on loss before income tax, calculated at the rates applicable to profits in the countries concern	(5,823)	(16,296)
Non–deductible expenses	5,595	16,735
Non-taxable revenue	(631)	(1,272)
Tax relief obtained	–	(2,224)
Tax effect of temporary difference overstated in prior years	–	(390)
Deferred tax assets not recognised	990	3,057
Tax effect of the tax loss utilised	(131)	–
	–	(390)

As foreign–owned enterprises established under the laws of the PRC, XCPT, SLT and XQB are entitled to tax concessions whereby the profits for the first two financial years beginning with the first profit–making year (after setting off tax losses carried forward from prior years) is exempted from income tax in the PRC and the profit for each of the subsequent three financial years is taxed at 50% of the prevailing tax rate set by the local authority. XCPT and SLT recorded their first year of assessable profit in 2004 and 2005 respectively. The tax relief of 50% had expired at the end of the financial years ended 31 December 2008 and 2009 respectively.

9 Loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

		Group	
		2009	2008
		RMB'000	RMB'000
Basic and diluted loss per share are based on:			
(i)	Net loss for the year	(25,690)	(55,503)

		No. of shares	
		2009	2008
		('000)	('000)
			(Restated)
(ii)	Weighted average number of ordinary shares	610,486	363,701

In April 2009, the Company allotted and issued 402,207,937 ordinary shares pursuant to the 3 Rights shares for 1 existing ordinary shares. The weighted average number of shares issued as at 31 December 2008 was calculated and restated with a corresponding adjustment factor.

		Group	
		2009	2008
			(Restated)
(iii)	Loss per share – Basic and diluted (RMB cents)	(4.21)	(15.26)

Diluted loss per share for the financial year ended 31 December 2009 is the same as the basic loss per share as the exercise price of the dilutive options is greater than the average market price of the shares during the financial year.

10 (a) Cash and cash equivalents

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at banks and in hand	106,835	72,798	44,602	2,012

(b) Pledged fixed deposit

Short-term bank deposit at the balance sheet date has an average maturity of 1 month (2008: 1 month) from the end of the financial year with the weighted average effective interest rate of 2.47% (2008: 2.31%). This deposit is pledged for a bank gurantee of appromixately RMB4,302,700 equivalent to US$630,000 (2008: which was pledged for two bank gurantees of approximately RMB4,306,000 equivalent to US$630,000 each) in favour of PT Kamundan Energy, an associate of the Company. The bank gurantee will expire in June 2010 (2008: two bank gurantees expired in July 2009 and June 2010 respectively).

11 Trade and other receivables

	Group		Company	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Trade receivables	10,721	11,075	–	–
Allowance for doubtful trade receivables	(7,823)	(7,823)	–	–
Net trade receivables	2,898	3,252	–	–
Other receivables	1,315	9,146	699	720
Allowance for doubtful other receivables	(623)	(7,977)	(451)	–
Net receivables	3,590	4,421	248	720
Prepayments	436	4	88	1
	4,026	4,425	336	721

The movement in the allowance for doubtful trade receivables account is as follows:

	Group	
	2009 RMB'000	2008 RMB'000
Balance at beginning of year	7,823	65,065
Current year charge	–	352
Amount written off	–	(57,594)
Balance at end of year	7,823	7,823

The movement in the allowance for doubtful other receivables account is as follows:

	Group	
	2009 RMB'000	2008 RMB'000
Balance at beginning of year	7,977	–
Current year charge	623	7,977
Amount written off	(7,977)	–
Balance at end of year	623	7,977

12 Amount due from an associate

	Group		Company	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Non-trade	55,650	35,136	8,756	6,987
Trade	29,916	24,369	–	–
	85,566	59,505	8,756	6,987

The amount due from an associate is unsecured, interest-free and repayable on demand.

13 Amounts due from/(to) subsidiaries (non-trade)

	Company	
	2009	2008
	RMB'000	RMB'000
Amounts due from subsidiaries		
– non-trade	15,291	24,257
Amounts due to subsidiaries		
– non-trade	(46,636)	(49,340)

The non-trade amounts due from/to subsidiaries are unsecured, interest-free and repayable on demand.

14 Inventories

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Spare parts	323	–	–	–
Hardware	–	2,148	–	776
	323	2,148	–	776
Carrying amount of inventories	2,098	3,477	1,552	1,552
Allowance for impairment loss on inventories	(1,775)	(1,329)	(1,552)	(776)
	323	2,148	–	776

The movement in the allowance for impairment loss on inventories account is as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at beginning of year	1,329	–	776	–
Current year charge	776	1,329	776	776
Allowance written off	(330)	–	–	–
Balance at end of year	1,775	1,329	1,552	776

15 Property, plant and equipment

	Computer equipment RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Leasehold land and building RMB'000	Production oil well on lease terms RMB'000	Total RMB'000
Group						
Cost						
At 1 January 2008	6,840	2,009	1,844	2,191	62,843	75,727
Additions	776	135	799	–	10,858	12,568
Disposals	(39)	(8)	(363)	–	–	(410)
Disposal of subsidiaries	(5,571)	(1,005)	–	(2,191)	–	(8,767)
At 31 December 2008	2,006	1,131	2,280	–	73,701	79,118
Additions	30	3	–	–	504	537
Disposals	(30)	(14)	(689)	–	(120)	(853)
At 31 December 2009	2,006	1,120	1,591	–	74,085	78,802
Accumulated depreciation and impairment loss						
At 1 January 2008	1,833	396	742	17	2,622	5,610
Depreciation charge for the year	536	271	341	26	9,554	10,728
Disposals	(10)	(6)	(80)	–	–	(96)
Disposal of subsidiaries	(1,011)	(215)	–	(43)	–	(1,269)
Impairment loss	–	–	–	–	29,365	29,365
At 31 December 2008	1,348	446	1,003	–	41,541	44,338
Depreciation charge for the year	155	185	179	–	5,941	6,460
Disposals	(7)	(5)	(461)	–	–	(473)
Impairment loss	–	–	–	–	10,390	10,390
At 31 December 2009	1,496	626	721	–	57,872	60,715
Carrying amount						
At 31 December 2009	510	494	870	–	16,213	18,087
At 31 December 2008	658	685	1,277	–	32,160	34,780

15 Property, plant and equipment (cont'd)

	Computer equipment RMB'000	Furniture, fixtures and office equipment RMB'000	Total RMB'000
Company			
Cost			
At 1 January 2008	93	261	354
Additions	4	109	113
Disposals	–	(9)	(9)
At 31 December 2008	97	361	458
Additions	4	–	4
At 31 December 2009	101	361	462
Accumulated depreciation			
At 1 January 2008	30	174	204
Depreciation charge for the year	19	61	80
Disposals	–	(6)	(6)
At 31 December 2008	49	229	278
Depreciation charge for the year	19	53	72
At 31 December 2009	68	282	350
Carrying amount			
At 31 December 2009	33	79	112
At 31 December 2008	48	132	180

16 Intangible assets

	Acquired soft-ware RMB'000	Development costs RMB'000	Goodwill RMB'000	Pre–acquisition sales contracts RMB'000	Total RMB'000
Group					
Cost					
At 1 January 2008	9,663	1,869	8,710	2,953	23,195
Disposal of a subsidiary	–	–	–	(2,953)	(2,953)
At 31 December 2008 and 31 December 2009	9,663	1,869	8,710	–	20,242
Accumulated amortisation					
At 1 January 2008	9,407	1,869	8,710	1,968	21,954
Amortisation charge for the year	107	–	–	247	354
Disposal of a subsidiary	–	–	–	(2,215)	(2,215)
Impairment loss	149	–	–	–	149
At 31 December 2008 and 31 December 2009	9,663	1,869	8,710	–	20,242
Carrying amount					
At 31 December 2009	–	–	–	–	–
At 31 December 2008	–	–	–	–	–

16 Intangible assets (cont'd)

The amortisation charage is recognised in the following line items in the consoliated statement of comprehensive income:

	Group 2009 RMB'000	Group 2008 RMB'000
Research and development cost	–	107
Administrative expense	–	247
	–	354

17 Subsidiaries

	Company 2009 RMB'000	Company 2008 RMB'000
Unquoted equity shares, at cost	137,299	137,283
Impairment loss, net	(25,443)	(26,352)
	111,856	110,931

The movement in allowance for impairment loss in subsidiaries is as follows:

	Company 2009 RMB'000	Company 2008 RMB'000
Balance at beginning of year	(26,352)	(13,276)
Impairment loss during the year	(5)	(26,352)
Impairment loss written off	–	13,276
Reversal of Impariment loss	914	–
Balance at end of year	(25,443)	(26,352)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation/business	Effective equity held by the Group 2009 %	Effective equity held by the Group 2008 %
Petroservice Engineering Inc. and its subsidiary:	Provision of technical oilfield and advisory services	British Virgin Islands ("BVI")	100	100
Beijing Petroservice Engineering Inc. ("BJPEI")	Provision of technical oilfield and enhanced oil recovery services	PRC	100	100
Xi'an Cenozoic Petro Tech Co. Ltd ("XCPT")	Provision of software relating to oilfield services	PRC	100	100

17 Subsidiaries (cont'd)

Name of subsidiary	Principal activities	Country of incorporation/business	Effective equity held by the Group 2009 %	2008 %
Shaanxi Long Top Technology Co., Ltd. ("SLT")	Provision of ERP software to the oil and gas industries	PRC	100	100
Xi'an Quanbin Oilfield Technology Co., Ltd. ("XQB")	Provision of oil production services	PRC	100	100
CPHL (HK) Limited	Investment holding	Hong Kong	100	100
Evermate Capital Resources Limited	Investment holding	Hong Kong	80	–

The above subsidiaries are audited by KLC Kennic Lui & Co. Ltd., Certified Public Accountants (Practising), Hong Kong for group consolidation purposes.

18 Share capital

Issued and fully paid

Movement of the issued and fully paid share capital of the Group and Company is as follows:

		Group and Company					
		2009			2008		
		No of shares	S$'000	RMB'000	No of shares	S$'000	RMB'000
Issued and fully paid:							
At 1 January		290,960,419	39,853	196,425	290,960,419	39,853	196,425
Issued shares under rights issue	(i)	402,207,937	8,633	39,668	–	–	–
Issued shares under private placement	(ii)	73,500,000	7,182	34,486	–	–	–
At 31 December		766,668,356	55,668	270,579	290,960,419	39,853	196,425

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets and with no par value.

(i) On 20 April 2009, the Company allotted and issued 402,207,937 ordinary shares at an exercise price of S$0.022 per share pursuant to the rights issue for a total net consideration of S$8,633,000 (RMB39,668,000).

(ii) On 15 October 2009, the Company allotted and issued 73,500,000 ordinary shares at an issue price of S$0.1031 per share pursuant to the placement shares for a total net consideration of S$7,182,000 (RMB34,486,000).

19 Reserves

		Group		Company	
		2009	2008	2009	2008
	Note	RMB'000	RMB'000	RMB'000	RMB'000
Statutory/equity reserves	(i)	8,884	9,497	3,096	3,709
Merger reserve	(ii)	5,055	5,055	–	–
Foreign exchange reserve	(iii)	(7,633)	(6,879)	–	–
Accumulated losses		(43,153)	(18,730)	(110,173)	(68,041)
		(36,847)	(11,057)	(107,077)	(64,332)

(i) Statutory/equity reserves

(a) Statutory surplus reserve

According to the relevant PRC regulations and the Articles of Association of the Group's subsidiaries established in the People's Republic of China ("PRC"), there is a requirement to transfer 10% of its profit after taxation, as determined under the accounting principles and relevant financial regulations applicable in the PRC ("PRC GAAP"), to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of dividends to equity owners. Statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted to paid–in capital in proportion to the existing interests of equity owners, provided that the balance after such conversion is not less than 25% of the registered capital.

(b) Share options reserve

The Share options reserve represents the fair value of share options measured at grant date and spread over the period during which the employees become unconditionally entitled to the options.

(ii) Merger reserve

The merger reserve represents the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares acquired in respect of the acquisition of subsidiaries accounted for under the "pooling of interests" method of accounting in prior years.

(iii) Foreign exchange reserve

The foreign exchange reserve of the Group comprises foreign exchange differences arising from the translation of the financial statements of the foreign operations whose functional currencies are different from that of the Company.

20 Trade and other payables

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	10,315	19,546	–	–
Value added taxes ("VAT") payable	227	20	–	–
Other payables	20,007	18,430	18,601	15,211
Accruals	966	824	698	876
	31,515	38,820	19,299	16,087

21 Amount due to a related company

	Group		Company	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
East Energy Inc.	–	624	–	–

East Energy Inc is a company incorporated under the laws of the Birtish Virgin Islands and Mr. Chan Shut Li, William owns 30% equity interest.

The amount due to a related company was unsecured, interest-free and repayable on demand.

During the financial year, the amount owning to East Energy Inc. was fully repaid.

22 Amount due to a director

	Group		Company	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Mr. Chan Shut Li, William	–	500	–	–

The amount due to a director was unsecured, interest-free and repayable on demand.

During the financial year, the amount owing to a director was fully repaid.

23 Deferred income tax

Movements in deferred tax liabilities during the year are as follows:

Group	At 1 January 2008 RMB'000	Dispoal of subsidiary RMB'000	At 31 December 2008 RMB'000	Movement during the financial year RMB'000	At 31 December 2009 RMB'000
Other items	390	(390)	–	–	–

Deferred tax assets have not been recognised in respect of the following item:

	Group	
	2009 RMB'000	2008 RMB'000
Tax losses	11,474	10,615

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

24 Commitments

(a) Operating lease commitments

The total minimum lease payments under non–cancellable operating leases in respect of properties are payable as follows:

	Group 2009 RMB'000	Group 2008 RMB'000
Within one year	1,335	824
After one year but within five years	2,564	481
	3,899	1,305

The Group leases a number of properties under operating leases. The leases run for two to five years, with options to renew upon expiry. None of the leases include contingent rentals.

(b) Capital commitments

Capital commitments outstanding at 31 December 2009 not provided for in the financial statements were as follows:

	Group 2009 RMB'000	Group 2008 RMB'000
Capital commitments in relation to Group's interest in joint venture	1,365,640	–

25 Significant related party transactions

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Compensation of key management personnel

Directors of the Company and the subsidiaries are considered to be key management personnel in accordance with FRS 24 – Related Parties. These persons have the authority and responsibility for planning, directing and controlling the activities of the Group.

The key management personnel compensation are as follows:

	Group 2009 RMB'000	Group 2008 RMB'000
Short-term employee benefits	3,168	3,265
Share options expense	546	425

The above total compensation for the Group for the executive directors of the Company amounted to RMB2,607,000 (2008: RMB2,558,907).

25 Significant related party transactions (cont'd)

Remuneration includes salary (which includes allowances, fees and other emoluments) and bonuses.

In addition to the above, the Company provides medical benefits to all employees, which include key management personnel.

Company's directors receiving remuneration and fee from the Group:

	Group	
	2009	2008
Number of directors in remuneration band below S$250,000	7	7

26 Financial instruments

Financial risk management objectives and policies

Exposure to credit, interest rate and foreign currency risks arises in the normal course of the Group's business. Management determines the Group's overall business strategies, tolerance of risk, and general risk management philosophy in accordance with the prevailing economic and operating conditions. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group has a high concentration of its trade receivables with PRC petroleum companies. In addition, the typical credit terms granted to customers range from thirty days to nine months.

In view of the high concentration of credit risk and long credit terms granted to customers, the directors implemented certain credit control policies to mitigate the credit risks. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit evaluation procedures. The Group monitors its exposure to credit risks arising from trade receivables on an on–going basis. Debtors who have overdue trade balances (in terms of credit limits and credit terms) are required to settle outstanding balances to below the credit limit amounts before further sales transactions are carried out with such customers. In addition, the Group reviews the recoverable amount of each individual debtor regularly to ensure that adequate impairment losses are made for irrecoverable amounts.

Most of the Group's cash and cash equivalents are deposited with banks in the PRC and Hong Kong. The carrying amounts of trade and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets.

No other financial assets carry a significant exposure to credit risk except for trade receivables. As at 31 December 2009, trade receivables that were past due and impaired amounted to RMB7,823,000 (2008: RMB7,823,000) had been provided for. Trade receivables that were neither past due nor impaired amounted to RMB2,898,000 (2008: RMB3,252,000) related substantially to credit-worthy customers. The aging of these customers falls within one year.

Working capital management

The Group and the Company manage their working capital requirements with the view to minimise interest cost. The current liabilities as shown in the balance sheet of the Company reflect management's intention to continue to utilise non–trade amounts due to a subsidiary to meet the working capital requirements having regard to the operating environment and expected cash flow of the Group and the Company.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. At the balance sheet date, there was no significant liquidity risk exposed by the Group.

26 Financial instruments (cont'd)

Foreign currency risk

Currency risk arises from a change in foreign currency exchange rate, which is expected to have adverse effect on the Group in the current reporting period and in future years.

The Group's main foreign currency risk arises from foreign currency denominated due to expenses in Singapore dollar, Hong Kong dollar and United States dollar.

Companies within the Group, including the Company's associates, maintain their books in their respective functional currencies. Profits and net assets of overseas companies are translated into RMB, the Company's reporting currency for consolidation purposes. Fluctuations in the exchange rate between the functional currencies and RMB will have an impact on the respective entities.

The Group also maintains foreign currency bank accounts for operating purposes.

The Group and the Company's currency exposure based on the information provided to key management is as follows:

	RMB RMB'000	USD RMB'000	SGD RMB'000	HKD RMB'000	Total RMB'000
Group					
As at 31 December 2009					
Financial assets					
Cash and bank balances	–	11,383	30,121	18,174	59,678
Trade and other receivables	–	2,240	–	231	2,471
Intercom balances	12,283	–	–	–	12,283
Amount due from an associate	–	64,722	–	–	64,722
	12,283	78,345	30,121	18,405	139,154
Financial liabilities					
Trade and other payables	–	(9,320)	(263)	(11,224)	(20,807)
Net financial assets	12,283	69,025	29,858	7,181	118,347
Less : Net financial assets denominated in the respective entity functional currency	–	(55,889)	–	–	(55,889)
Net currency exposure	12,283	13,136	29,858	7,181	62,458

26 Financial instruments (cont'd)

	RMB RMB'000	USD RMB'000	SGD RMB'000	HKD RMB'000	Total RMB'000
Group					
As at 31 December 2008					
Financial assets					
Cash and bank balances	–	5,577	1,851	884	8,312
Trade and other receivables	–	1,551	–	270	1,821
Intercom balances	25,244	–	–	–	25,244
Amount due from an associate	–	58,798	–	–	58,798
	25,244	65,926	1,851	1,154	94,175
Financial liabilities					
Trade and other payables	–	(8,024)	(517)	(11,561)	(20,102)
Amount due to related company	–	–	–	(624)	(624)
	–	(8,024)	(517)	(12,185)	(20,726)
Net financial assets/(liabilities)	25,244	57,902	1,334	(11,031)	73,449
Less : Net financial assets denominated in the respective entity functional currency	–	(49,565)	–	–	(49,565)
Net currency exposure	25,244	8,337	1,334	(11,031)	23,884

If the USD, SGD and HKD change against the RMB by +/-3% (2008: +/-3%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial assets/liabilities position will be as follows:

	2009 Increase/(decrease)		2008 Increase/(decrease)	
	Net profit RMB '000	Equity RMB '000	Net profit RMB '000	Equity RMB '000
Group				
USD against RMB				
-strengthened	395	394	253	250
-weakened	(395)	(394)	(253)	(250)
SGD against RMB				
-strengthened	854	896	41	40
-weakened	(854)	(896)	(41)	(40)
HKD against RMB				
-strengthened	216	215	(334)	(331)
-weakened	(216)	(215)	334	331

26 Financial instruments (cont'd)

	USD RMB'000	SGD RMB'000	HKD RMB'000	Total RMB'000
Company				
As at 31 December 2009				
Financial assets				
Cash and bank balances	8,658	30,121	10,352	49,131
Trade and other receivables	89	–	217	306
Amount due from an associate	5,064	–	–	5,064
Amount due from subsidiaries	–	–	2,063	2,063
	13,811	30,121	12,632	56,564
Financial liabilities				
Amount due to subsidiaries	–	–	(7)	(7)
Trade and other payables	(3,414)	(151)	(11,109)	(14,674)
	(3,414)	(151)	(11,116)	(14,681)
Net currency exposure	10,397	29,970	1,516	41,883

	USD RMB'000	SGD RMB'000	HKD RMB'000	Total RMB'000
Company				
As at 31 December 2008				
Financial assets				
Cash and bank balances	5,112	1,851	110	7,073
Trade and other receivables	–	–	270	270
Amount due from an associate	6,124	–	–	6,124
	11,236	1,851	380	13,467
Financial liabilities				
Trade and other payables	(3,349)	(465)	(11,099)	(14,913)
Net currency exposure	7,887	1,386	(10,719)	(1,446)

26 Financial instruments (cont'd)

	2009 Increase/(decrease)		2008 Increase/(decrease)	
	Net profit RMB '000	Equity RMB '000	Net profit RMB '000	Equity RMB '000
Company				
USD against RMB	312	312	240	237
-strengthened	(312)	(312)	(240)	(237)
-weakened				
SGD against RMB	857	899	43	42
-strengthened	(857)	(899)	(43)	(42)
-weakened				
HKD against RMB				
-strengthened	46	45	(324)	(322)
-weakened	(46)	(45)	324	322

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash and cash equivalents and debt obligations. The Group does not use derivative financial instruments to hedge its debt obligations.

Effective interest rates and repricing analysis

In respect of interest–earning financial assets and interest–bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they are repriced.

	2009		2008	
	Effective interest rate %	Within 1 year RMB'000	Effective interest rate %	Within 1 year RMB'000
Group				
Financial assets				
Cash and cash equivalents	0.58	106,835	0.84	72,798
Pledged fixed deposit	2.47	4,528	2.31	5,059
		111,363		77,857
Company				
Financial assets				
Cash and cash equivalents	0.01	44,602	0.01	2,012
Pledged fixed deposit	2.47	4,528	2.31	5,059
		49,130		7,071

26 Financial instruments (cont'd)

Estimating the fair values

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values. All other financial assets and liabilities are discounted using effective interest rates for similar instruments at the balance sheet date to arrive at their amortised costs.

Capital risk

The Group's policy is to maintain an adequate capital base so as to achieve investors, creditors and market confidence and to sustain future development of the business.

The capital structure of the Company consists primarily of equity, comprising issued share capital and reserves.

The Company manages its capital structure and makes adjustment to it in light of changes in economic conditions. It may maintain or adjust its capital structure through the payment of dividend return capital or issue of new shares.

27 Equity compensation benefits

Share options

Share options were granted to executive and non-executive directors and employees of the Group who are non-controlling shareholders or their associates under the Mirach Energy Employee Share Option Scheme (the "Mirach Energy Scheme") which became operative on 27 April 2004.

The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares on the Singapore Exchange Securities Trading Limited for five market days immediately preceding the date of the grant. Options term granted under the Mirach Energy Scheme is five years with vesting period of one year from the grant date. Options are terminated under such circumstances which include the termination of the employment, the bankruptcy and the death of the participant to the Mirach Energy Scheme, a take-over and the winding-up of the Company during the vesting period of the options.

Movement in the number of unissued ordinary shares under option and their exercise prices are as follows:

	No. of ordinary shares under option					
	Beginning of financial year	Granted during the financial year	Forfeited during the financial year	Outstanding/ exercisable at end of financial year	Exercise price	Exercise period
Group and Company						
2009						
2007 options	4,900,000	–	(2,100,000)	2,800,000	S$0.47	5 January 2008 - 4 January 2012
2008 options	7,800,000	–	(1,800,000)	6,000,000	S$0.14	8 September 2009 - 7 September 2013
	12,700,000	–	(3,900,000)	8,800,000		

27 Equity compensation benefits (cont'd)

	No. of ordinary shares under option					
	Beginning of financial year	Granted during the financial year	Forfeited during the financial year	Outstanding/ exercisable at end of financial year	Exercise price	Exercise period
Group and Company						
2008						
2007 options	4,900,000	–	–	4,900,000	S$0.47	5 January 2008 - 4 January 2012
2008 options	–	7,800,000	–	7,800,000	S$0.14	8 September 2009 - 7 September 2013
	4,900,000	7,800,000	–	12,700,000		

The fair value of the 2008 options granted were calculated using the Binomial Option pricing model and 2007 options granted were calculated using the Black-Scholes pricing model. The input components into the model were as follows:

	Group and Company	
	2008 options	2007 options
Share price	S$0.13	S$0.45
Exercise price	S$0.14	S$0.47
Expected Volatility	48.46%	58.56%
Expected life	60 months	14 months
Risk free rate	2.338%	2.951%
Expected dividend yield	–	–

The volatility measured as standard deviation of expected share price returns was estimated based on the statistical analysis of share prices over the period of one year before the grant date.

During the financial year ended 31 December 2009, share options expense amounted to RMB654,000 (2008: RMB493,000) was recongised in the financial statements.

28 Segmental information

Segment information is presented in respect of the Group's operating segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, corporate assets and head office expenses, and income tax liabilities. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets.

Operating segments

The Group comprises the following main operating segments:

Software and related services: Provision of data management information systems, information technology solutions, design, development and sale of standardised business software solutions.

Oilfield services: Provision of oilfield services and sale of hardware products and equipments.

Oil exploration and oilfield development: Petroleum operations in an offshore area of Kingdom of Cambodia, Indonesia and the PRC.

28 Segmental information (cont'd)

Operating segments

	Software and related services		Oilfield services		Oil exploration and oilfield development		Consolidated	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000 (reclassified)
Revenue from external Customers	–	2,143	7,679	11,509	11,096	20,558	18,775	34,210
Segment results	(31)	(10,545)	(422)	(410)	(20,209)	(38,722)	(20,662)	(49,677)
Unallocated operating expenses							(5,582)	(7,218)
Results from operating activities							(26,244)	(56,895)
Finance income							569	850
Finance costs							(15)	(127)
Income tax expense							–	390
Net loss for the year							(25,690)	(55,782)
Assets and liabilities								
Segment assets	68,958	63,563	73,933	58,152	64,019	87,863	206,910	209,578
Unallocated assets							58,337	15,734
Total assets							265,247	225,312
Segment liabilities	290	290	6,469	8,040	5,436	15,528	12,195	23,858
Unallocated liabilities							19,320	16,086
Total liabilities							31,515	39,944

28 Segmental information (cont'd)

	Software and related services		Oilfield services		Oil exploration and oilfield development		Consolidated	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000 (reclassified)
Other segment information								
Depreciation	–	440	319	613	6,070	9,594	6,389	10,647
Unallocated depreciation							71	81
							6,460	10,728
Amortisation of intangible assets	–	107	–	247	–	–	–	354
Impairment losses on intangible assets	–	149	–	–	–	–	–	149
Impairment losses on oil field equipments	–	–	–	–	10,390	29,365	10,390	29,365
Capital expenditure	–	–	25	1,120	507	10,945	532	12,065
Unallocated capital expenditure							5	113
							537	12,178

29 Subsequent events

(i) On 15 January 2010, the Company signed a sales and purchase agreement with Manfit Limited for the sales of 100% Xi'an Quanbin Oilfield Technology Co Ltd ("XQB") for a cash RMB16,500,000. As at 31 December 2009, oilfield equipment held by XQB was written down to its fair value less cost to sell (note 30). The estimation for gain or loss from the disposal of XQB upon the completion date cannot be made.

(ii) On February 2010, the associated companies, PT Kamunda Energy ("PTK") and PT Petroenergy Utama Wiriagar ("PTW") of the Company have jointly entered into a Memorandum of Understanding ("MOU") with Vitar International Holdings Limited ("Vitar") whereby, Vitar, as a new partner, pay the existing shareholders a consideration of US$3,000,000 and provide further funding for the work commitments required in PT Pertamina EP. The amount provided by Vitar would subsequently be capitalized as shares of the PTK and PTW respectively. Whereas, the MOU was non-binding and the finalization of contract was subject to the due diligence results carried by Vitar.

30 Accounting estimates and judgment

Impairment of property, plant and equipment

The carrying value of the property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable in accordance with the accounting policies as disclosed in note 2.2 (h). The recoverable amount of the property, plant and equipment is the greater of fair value less costs to sell and value in use, the calculations of which involve the use of estimates.

As at 31 December 2009, oilfield equipments were written down to its fair value less cost to sell (note 29(i)).

An impairment loss on oilfield equipment amounted to approximately RMB10,390,000 (2008: RMB29,365,000) was made during the financial year. The carrying amount of property, plant and equipment as at 31 December 2009 was approximately RMB18,087,000 (2008: RMB34,780,000).

Impairment of trade and other receivables

The Group performs regular evaluation of the recoverability of its trade and other receivables balances to ascertain if such balances are impaired. This requires an evaluation of the financial standing, historical repayment patterns and historical trends of bad debts occurrences for the individual debtors and related balances.

An impairment loss of RMB623,000 on non-trade receivables, (2008: RMB352,000 and RMB7,977,000 were recognised on trade receivables and non-trade receivables respectively) during the year based on management's assessment. Significant judgment is required in determining the appropriate impairment loss to be recognised on trade and other receivables balances. The ultimate recoverability of trade and other receivables is uncertain and any differences between the impairment losses initially recognised and eventual amounts recovered from the debtors will impact the net loss and carrying value of trade and other receivables in the period for which such impairment losses were recognised. The carrying amount of the Group's net trade receivables and net other receivables as at 31 December 2009 were RMB2,898,000 and RMB1,128,000 respectively (2008: RMB3,252,000 and RMB1,173,000 respectively).

Income and deferred taxes

The Group is subject to income taxes in certain jurisdictions. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

31 New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

(a) FRS 27 (revised) Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009).

FRS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply FRS 27 (revised) prospectively to transactions with minority interests from 1 January 2010.

(b) FRS 103 (revised) Business Combinations (effective for annual periods beginning on or after 1 July 2009)

FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit and loss. There is a choice on an acquisition-by-acquisition basis to measure the 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. All acquisition-related costs should be expensed. The Group will apply FRS 103 (revised) prospectively to all business combinations from 1 January 2010.

Statistics of Shareholdings

As at 15 March 2010

Shareholding Statistics

Issued and fully paid-up capital	:	RMB270,579,153
Class of shares	:	Ordinary shares
Number of Shares	:	766,668,356
Voting rights	:	One vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	6	0.21	1,842	–
1,000 – 10,000	1,311	46.16	9,177,404	1.20
10,001 – 1,000,000	1,497	52.71	92,543,599	12.07
1,000,001 and above	26	0.92	664,945,511	86.73
Total	2,840	100.00	766,668,356	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	Kim Eng Securities Pte. Ltd.	268,268,732	34.99
2	See Hoy Chan Investment Limited	180,800,000	23.58
3	Citibank Nominees Singapore Pte Ltd	33,162,444	4.33
4	Zhang Deda	31,500,000	4.11
5	Cao Haixia	30,000,000	3.91
6	DBS Vickers Securities (Singapore) Pte Ltd	24,868,000	3.24
7	HSBC (Singapore) Nominees Pte Ltd	17,861,000	2.33
8	Phillip Securities Pte Ltd	12,820,000	1.67
9	Qin Feng	12,000,000	1.57
10	OCBC Securities Private Ltd	8,050,000	1.05
11	Raffles Nominees (Pte) Ltd	6,962,000	0.91
12	Oversea Chinese Bank Nominees Pte Ltd	6,000,000	0.78
13	Xia Yang	4,704,000	0.61
14	Neo Kim Kuek	4,350,000	0.57
15	2G Capital Pte Ltd	3,663,003	0.48
16	Lim & Tan Securities Pte Ltd	2,624,000	0.34
17	DBS Nominees Pte Ltd	2,474,000	0.32
18	Koh Kai Jiang	2,442,002	0.32
19	United Overseas Bank Nominees Pte Ltd	2,224,000	0.29
20	Yeo Lay Leng	1,811,000	0.24
	Total	656,584,181	85.64

Statistics of Shareholdings

As at 15 March 2010

Substantial Shareholders

Name	Number of Shares	Direct Interests (%)	Number of Shares	Deemed Interests (%)
Chan Shut Li, William	185,696,732	24.22		
See Hoy Chan Investment Limited	180,800,000	23.58		
Li Ming	47,417,000	6.18		
See Hoy Chan Equities Pte Ltd (1)			180,800,000	23.58

Notes:

(1) See Hoy Chan Equities Pte Ltd is the holding company of See Hoy Chan Investment Limited. See Hoy Chan Equities Pte Ltd is deemed to be interested in the shares held by See Hoy Chan Investment Limited.

Free Float

Based on information available to the Company, as at 15 March 2010, approximately 46.02% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the SGX Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of the Company will be held at Victoria Room 1, Level 6, Carlton Hotel Singapore, 76 Bras Basah Road, Singapore 189558 on 28 April 2010 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements of the Company for the financial year ended 31 December 2009 and the Directors' Report and the Auditors Report thereon. **(Resolution 1)**

2. To approve the Directors' fees of S$137,056 for the financial year ended 31 December 2009 (2008: S$135,000). **(Resolution 2)**

3. To re-elect Ms Liu Mei Ling Rhoda retiring pursuant to Article 91 of the Company's Articles of Association. **(Resolution 3)**

   Ms Liu Mei Ling Rhoda will, upon re-election as a director of the Company, remain as Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee respectively. She will be considered independent for the purpose of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To re-elect Mr Lim Jun Xiong Steven retiring pursuant to Article 97 of the Company's Articles of Association. **(Resolution 4)**

   Mr Lim Jun Xiong Steven will, upon re-election as a director of the Company, remain as a member of Audit Committee and Nominating Committee respectively and Chairman of the Nominating Committee. He will be considered independent for the purpose of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

5. To re-appoint Messrs LTC LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:-

6. Authority to allot and issue shares

(a) "That, pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

(i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (Notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:

a) new shares arising from the conversion or exercise of convertible securities, or

b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and

c) any subsequent bonus issue, consolidation or subdivision of the Company's shares.

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
(See Explanatory Note 1) **(Resolution 6)**

7. Authority to grant options and to issue shares under Mirach Energy Employee Share Option Scheme

"That authority be and is hereby given to the Directors of the Company to offer and grant options from time to time in accordance with the provisions of the Mirach Energy Employee Share Option Scheme (the "Scheme"), and, pursuant to Section 161 of the Companies Act, Chapter 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen (15) per cent of the issued share capital of the Company from time to time, as determined in accordance with the provisions of the Scheme."
(See Explanatory Note 2) **(Resolution 7)**

8. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary

13 April 2010

Notes:

1) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead.

2) A proxy need not be a member of the Company.

3) If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4) The instrument appointing a proxy must be deposited at the registered office of the Company at 8 Cross Street #11-00 PWC Building Singapore 048424 not later than 48 hours before the time appointed for the Meeting.

Explanatory Notes:-

1. The ordinary resolution in item no. 6 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 percent of the issued share capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

2. The ordinary resolution proposed in item no. 7 above, if passed, will empower the Directors of the Company to offer and grant options under the Mirach Energy Employee Share Option Scheme and to allot and issue shares pursuant to the exercise of such options under the Mirach Energy Employee Share Option Scheme not exceeding fifteen (15) per cent of the issued share capital of the Company from time to time.

MIRACH ENERGY LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200305397E)

IMPORTANT

1. For investors who have used their CPF monies to buy Mirach Energy Limited shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

*I/We____ (Name) of

____(Address)

being *a member/members of Mirach Energy Limited (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Seventh Annual General Meeting of the Company to be held at Victoria Room 1, Level 6, Carlton Hotel Singapore, 76 Bras Basah Road, Singapore 189558 on 28 April 2010 at 10.00 a.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For	Against
1.	To receive and consider the Audited Financial Statements for the financial year ended 31 December 2009 and the Reports of Directors and Auditors thereon.		
2.	To approve the Directors' fees of S$137,056 for the financial year ended 31 December 2009.		
3.	To re-elect Ms Liu Mei Ling Rhoda pursuant to Article 91 of the Company's Articles of Association.		
4.	To re-elect Mr Lim Jun Xiong Steven pursuant to Article 97 of the Company's Articles of Association.		
5.	To re-appoint Messrs LTC LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
6.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
7.	To authorise Directors to grant options and to issue shares under Mirach Energy Employee Share Option Scheme.		

Dated this ________day of ______________ 2010

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal

** Delete accordingly*
IMPORTANT. Please read notes overleaf

Notes:-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 8 Cross Street #11-00 PWC Building Singapore 048424 not later than 48 hours before the time set for the Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

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Affix
Stamp

The Company Secretary
MIRACH ENERGY LIMITED
8 Cross Street #11-00
PWC Building
Singapore 048424

Second fold

Third fold

Apply glue here

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