



FINANCIAL RESULTS

2010 is the most important year of the development of Pearl Oriental Innovation Limited in its history! With the full support of all our shareholders, we took a big step resolutely and wisely to successfully transform Pearl Oriental into a company with its core business focused on investment and operation in oil and gas sector in the international market.

With the joint effort of the board of directors and management team, the consolidated turnover of the Company for the financial year ended 31 December 2010 (the “Year”) was HK\$555.24 million, representing an increase of 2.4 times as compared with that of 2009, the profit after tax attributable to owners was HK\$423.20 million and earnings per share was HK27.3 cents which turnaround the situation from previous loss to profitable. The Group’s net assets was HK\$2,650.45 million, representing an increase of 6.7 times as compared with that of 2009. The Group’s cash reserves (including cash deposit and short term receivable loans) was HK\$588 million. The Company does not have any bank borrowings with healthy and strong financial condition.

The high profit for the Year was mainly attributed from the fair net assets value which was over the cost of acquisition after the successful completion of acquiring the Utah Gas and Oil Field. The Group’s recycled plastic business also recorded a gross profit of HK\$24.45 million. In addition, Management has decisively entered into the Settlement Agreement to dispose of the interest in coal mining business in Shanxi which brought special gain of HK\$56.29 million to the Group.

Given the sound financing position of Pearl Oriental and the confidence in the future development, the Board resolved to declare a final dividend of HK2 cents per share and bonus share of one share for every five shares. The Board believes that the growth of the Company counts on the support from the shareholders, therefore, timely sharing with and effectively creating value for our shareholders will be our Company’s policy.

Taking the advantage of “One Country, Two System” policy, Pearl Oriental is now at its best historical position. Being an independent economic entity, the Company can expand its core business more efficiently. In the world of oil and energy, there are many big players and competitors. As a new comer, we are fearless and will steadily acquire new oil fields with great development potential in order to expand our assets portfolio and reserves of oil and gas. At the same time, we will speed up the development of oil and gas fields to increase production volume of oil and gas so as to increase the Group’s operating income.



We must clearly and sensibly understand that investment and operation in oil and gas business is one of the high risk, high return and capital intensive businesses. Therefore, the Group will capture many business opportunities and rapidly build up and strengthen a professional team of oil experts and, of more importance, and we have to closely manage various risk factors so as to maintain the Company's financial management at a healthy and sustainable level during the high-speed development and bring the desirable return on investment for all the shareholders.

I paid a lot for experience in the Asian financial crisis in 1997. Through the profound lessons and valuable experience, I was able to work together with the Board and Management and led Pearl Oriental went through the impact of global financial turmoil in 2008 and developed new business with rapid growth. I am pleased and therefore would like to take this opportunity to thank all of our shareholders, directors, staff and the joint venture partners for their full and hearted support.

Wong Kwan
Chairman and Chief Executive

31 March 2011