



**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007**

The board of directors (the “Board”) of Sino Union Petroleum & Chemical International Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the six months ended 30 September 2007 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007 (in HK Dollars)

		Six months ended 30 September	
		2007	2006
	<i>Notes</i>	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Turnover	3	829,225	295,943
Cost of sales		(794,378)	(280,247)
Gross profit		34,847	15,696
Other revenue		371	560
Excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost	12	4,429,858	—
Selling and distribution costs		(75)	(1,803)
Administrative expenses		(17,389)	(8,621)
Profit from operating activities	4	4,447,612	5,832
Finance costs	5	(2,186)	(789)
Profit before taxation		4,445,426	5,043
Taxation	6	(4,935)	(934)
Profit for the period		4,440,491	4,109
Net profit from ordinary activities attributable to shareholders of the Company		4,440,491	4,109
Dividends	7	—	—
Earnings per share			
– Basic, HK cents	8	267.62	0.33
– Diluted, HK cents	8	256.82	N/A

* For identification purpose only

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2007 (in HK Dollars)

	Notes	As at 30 September 2007 (Unaudited) HK\$'000	As at 31 March 2007 (Audited) HK\$'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		1,157	624
Exploration and evaluation assets		5,523,175	—
		<u>5,524,332</u>	<u>624</u>
Current Assets			
Trade receivables	9	118,934	136,797
Prepayments, deposits and other receivables		55,176	57,877
Bank deposit		—	6,415
Cash and bank balances		164,390	90,062
		<u>338,500</u>	<u>291,151</u>
Total Assets		<u>5,862,832</u>	<u>291,775</u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		86,058	26,334
Reserves		5,641,044	185,751
Total Equity		<u>5,727,102</u>	<u>212,085</u>
LIABILITIES			
Current Liabilities			
Trade payables	10	42,276	41,212
Tax payable		30,332	31,249
Other payables and accruals		15,071	4,878
Amount due to a holding company		5,841	2,351
Amount due to related companies		3,835	—
Bank overdraft		499	—
		<u>97,854</u>	<u>79,690</u>
Non-Current Liabilities			
Bond		37,876	—
Total Liabilities		<u>135,730</u>	<u>79,690</u>
Total Equity and Liabilities		<u>5,862,832</u>	<u>291,775</u>
Net Current Assets		<u>240,646</u>	<u>211,461</u>
Total Assets Less Current Liabilities		<u>5,764,978</u>	<u>212,085</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention. The principal accounting policies and methods of computations used in the preparation of the unaudited condensed consolidated financial statements are consistent with those applied in the Group’s annual financial statements for the year ended 31 March 2007, except in relation to the following new/revised Hong Kong Financial Reporting Standards (“HKFRSs”) and Interpretations issued by the HKICPA (“HK-Ints”) which are generally effective for accounting periods beginning on 1 January 2007, 1 May 2006, 1 June 2006, 1 November 2007 and 1 March 2007.

The applicable new HKFRSs adopted in this interim financial report are set out below:

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK (IFRIC)-Int 8	Scope of HKFRS 2
HK (IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK (IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK (IFRIC)-Int 11	HKFRS 2-Group and Treasury Share Transactions

The adoption of the above new standard and interpretations did not result in substantial changes to the Group’s accounting policies, where as the adoption of HKAS 1 (Amendment) and HKFRS 7 requires additional disclosures to be made in the financial statements.

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK (IFRIC)-Int 12	Service Concession Arrangements ²
HK (IFRIC)-Int 13	Customer Loyalty Programmes ³
HK (IFRIC)-Int 14	HKAS 19 – The Limited on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 January 2008

³ Effective for annual periods beginning on or after 1 July 2008

The Directors of the Company anticipated that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

- (a) the polyurethane ("PU") materials segment involves the trading of PU materials, such as isocyanate, polyols and various kinds of PU catalysts.
- (b) the fuels products segment involves the sales of fuel oil.

In determining the Group's geographical segments, revenue and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

(a) Business Segments

The following table presents revenue and results for the Group's business segments.

	Six months ended 30 September					
	PU materials		Fuels products		Consolidated	
	2007	2006	2007	2006	2007	2006
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:						
Sales to external customers	<u>285,730</u>	<u>295,943</u>	<u>543,495</u>	<u>–</u>	<u>829,225</u>	<u>295,943</u>
Segment results	<u>17,387</u>	<u>8,896</u>	<u>17,460</u>	<u>–</u>	<u>34,847</u>	<u>8,896</u>
Interest income					371	69
Excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost					4,429,858	–
Unallocated expenses					<u>(17,464)</u>	<u>(3,133)</u>
Profit from operating activities					4,447,612	5,832
Finance costs					<u>(2,186)</u>	<u>(789)</u>
Profit before taxation					4,445,426	5,043
Taxation					<u>(4,935)</u>	<u>(934)</u>
Net profit from ordinary activities attributable to shareholders of the Company					<u>4,440,491</u>	<u>4,109</u>

(b) Geographic Segments

During the period ended 30 September 2007 and 2006, the Group's entire turnover was derived from sales in the PRC and more than 90% of the Group's assets were located at Madagascar and the PRC at 30 September 2007 and 2006 respectively. Therefore, no geographic segmental information on revenue and assets was presented.

4. PROFIT FROM OPERATING ACTIVITIES

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit from operating activities has been arrived at after charging:		
Depreciation	<u>134</u>	<u>45</u>
and after crediting:		
Other income		
Interest income	<u>371</u>	<u>69</u>

5. FINANCE COSTS

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on:		
Trust receipt loans wholly repayable within five years	–	789
Bond wholly repayable within five years	1,921	–
Convertible bonds wholly repayable within five years	<u>265</u>	<u>–</u>
	<u>2,186</u>	<u>789</u>

6. TAXATION

Current Taxation

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the period. Taxation on assessable profits elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current period provision:		
Hong Kong	—	—
Elsewhere	4,935	934
	4,935	934

Deferred Taxation

No provision for deferred tax liabilities has been made as the Group and the Company had no material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements (2006: Nil).

Deferred tax assets have not been recognised due to the unpredictability of future profit streams.

7. INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend in respect of the six months ended 30 September 2007 (2006: Nil).

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	Six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings		
Earnings attributable to the equity holders of the Company for the purpose of basic earnings per share	4,440,491	4,109
Effect of dilutive potential ordinary shares:		
Interest on convertible bond	265	—
Earnings attributable to the equity holders of the Company for earnings per share	4,440,756	4,109

	Number of shares Six months ended 30 September	
	2007 (Unaudited) '000	2006 (Unaudited) '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,659,230	1,227,089
Effect of dilutive potential ordinary shares:		
Convertible Note	22,831	—
Share Options	47,094	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,729,155</u>	<u>1,227,089</u>

No diluted earnings per shares for the six months ended 30 September 2007 have been presented because the conversion of the convertible bond to ordinary shares would increase earnings per share and at no time during the period, the share price of the Company exceeded the exercise price of share option.

9. TRADE RECEIVABLES

Trade receivables, which generally have credit terms of 90 days, are recognised and carried at the original invoiced amount less provision for impairment loss.

An aged analysis of the trade receivables at the balance sheet date, based on invoice date, is as follows:

	As at 30 September 2007 (Unaudited) HK\$'000	As at 31 March 2007 (Audited) HK\$'000
Current to 30 days	90,427	100,702
31 days to 90 days	18,052	32,725
Over 90 days	10,455	3,370
	<u>118,934</u>	<u>136,797</u>

The carrying amount of trade receivables approximate to their fair values.

10. TRADE PAYABLES

An aging analysis of the trade payables at the balance sheet date, based on invoice date, is as follows:

	As at 30 September 2007 (Unaudited) HK\$'000	As at 31 March 2007 (Audited) HK\$'000
Current to 30 days	39,832	41,212
31 days to 90 days	2,444	—
Over 90 days	—	—
	<u>42,276</u>	<u>41,212</u>

11. CONVERTIBLE NOTES

Pursuant to the conditional sales and purchases agreement entered between the Company and Golden Nova in respect of acquisition of 93% equity interest in Madagascar Energy International Limited (“MEIL”), the Company issued a convertible note in the principal of HK\$800,000,000 (the “Convertible Note”) to Golden Nova. Golden Nova has the right to convert the whole or part of the principal amount of the Convertible Note into shares of HK\$0.02 each in the share capital of the Company, at the conversion price of HK\$0.24 per share. The noteholder may at any time from the date of issue of the Convertible Note to the maturity date of the Convertible Note to redeem the principal amount outstanding under the Convertible Note. The Convertible Note may be assigned or transferred in whole or in part to third parties, subject to written approval of the Company and the conditions, approvals, requirements and any other provisions under the Listing Rules and all applicable laws and regulations.

On 4 June 2007, Golden Nova has converted the Convertible Note into ordinary shares of the Company. For further details, please refer to the interim report.

The fair value of the liability component of the Convertible Note was determined upon issuance, using the prevailing market interest rate for similar debt without a conversion option and was carried as a current liability. The residual amount was assigned to the conversion option as the equity component that was recognised is shareholders’ equity.

The net proceeds received from the issue of the Convertible Note had been split between the liability and equity components, as follows:

	As at 30 September 2007 HK\$’000 (Unaudited)
Proceeds of issue	–
Fair value of Convertible Note issued on 31 May 2007	3,887,934
Equity component	(3,598,748)
Liability component on initial recognition on 31 May 2007	289,186
Interest expenses charged	265
Conversion of Convertible Note	(289,451)
Amortised cost at 30 September/31 March	–

The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible note. The residual amount, representing the value of the equity conversion component, was included in shareholders’ equity in Convertible Note reserve. The fair value of the liability component and the equity conversion component were determined at issuance of the Convertible Note.

Interest expense on the Convertible Note was calculated using the effective interest method by applying the effective interest rates of 6.07% to the liability component.

12. ACQUISITION OF A SUBSIDIARY

On 3 January 2007, the Company entered into a sale and purchase agreement to acquire from Golden Nova Holdings Limited 93% of the issued share capital of MEIL for a total consideration of HK\$800 million. The consideration for the acquisition was satisfied by (i) HK\$10 million in cash (ii) HK\$90 million bond; (iii) HK\$300 million by issue of 1,250,000,000 new shares at HK\$0.24 per share; and (iv) HK\$400 million by issue of convertible note (the “Convertible Note”) at a conversion price of HK\$0.24 per conversion share. The convertible shares were converted into 1,666,666,666 ordinary shares on 4 June 2007. The fair value of the net asset acquired is approximately equaled to its carrying amount.

The net assets acquired in the transaction and the good will arising is as follows:

	Acquiree's carrying amount HK\$'000	Fair value adjustment HK\$'000	Fair value HK\$'000
Net assets acquired:			
Property, plant and equipment	565	–	565
Exploration and evaluation assets	–	5,122,045	5,122,045
Deposit	17	–	17
Cash and bank balances	1,583	–	1,583
Amount due to related companies	(9,210)	–	(9,210)
			5,115,000
Excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost			
			(4,429,858)
			685,142
Total consideration satisfied by:			
Cash consideration			10,000
Issue of bond			85,956
Issue of shares			300,000
Issue of Convertible Note			3,887,934
Derivative financial instruments			(3,598,748)
Total consideration			685,142
Net cash inflow arising on acquisition:			
			HK\$'000
Cash and bank balances acquired			17
Cash consideration			(10,000)
			9,983

The subsidiary acquired during the period ended 30 September 2007 attributed approximately HK\$989,000 to the Group's loss after taxation.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group's unaudited condensed consolidated turnover and net profit from ordinary activities attributable to shareholders for the six months ended 30 September 2007 were approximately HK\$829 million and approximately HK\$4,440 million respectively, representing an increase of approximately 180.2% and 107,967.4% respectively as compared to the same period last year. The Group's gross profit margin decreased by approximately 1.1% as compared to the corresponding period last year.

The principal market of the Group remained in the PRC which accounted for 100% of the Group's turnover.

Business Review

Distribution business of PU Materials

During the period under review, revenue from the distribution of PU materials was approximately HK\$286 million, decrease from approximately HK\$296 million of the same period last year. The distribution business of PU materials contributed approximately HK\$17 million to the Group's net profit from operating activities for the period, representing an increase of approximately 95.4% in comparison to the corresponding period in 2006. The competition on the market of PU material is continued rigorous. The Group has still adopted a selective approach in accepting PU trading orders by ensuring that these transactions will meet the minimum profit criteria in order to reduce the risk exposure in the competitive environment.

Distribution business of Fuels Products

On 3 April 2007, the Group entered into a supply and purchase agreement with Foshan Hua Heng Petroleum and Chemical Limited ("Foshan Hua Heng") and Foshan Electricity Fuel Company (佛山市區電力燃料公司), pursuant to which the Group has agreed to supply 360,000 tons of fuel oil (with model no. 180CST) at the prevailing market price to the Foshan Hua Heng for its resale to Foshan Electricity Fuel Company during the contract period of 23 April 2007 to 23 April 2008. Foshan Hua Heng has undertaken and guaranteed that the profit margin of the Group for the sale of 360,000 tons fuel oil shall not be less than RMB25.2 million, and Foshan Hua Heng shall pay at least RMB2.1 million per month to the Group for its profit margin of the monthly sale of 30,000 tons fuel oil to Foshan Hua Heng.

During the period under review, the Group has commenced the distribution business of fuels products, which contribute approximately HK\$543 million to the Group's turnover, which account for 65.5% of the Group's turnover for the period. The distribution business of fuels products contributed approximately HK\$17 million to the Group's net profit from operating activities for the period.

Liquidity and Financial Resources

At 30 September 2007, the Group held cash and bank balances of approximately HK\$164 million and bank overdraft of approximately HK\$0.5 million.

With the available resources and the proceeds from the sale of the Group's subsidiaries during the period, the Group has adequate working capital to finance its business operation.

As at 30 September 2007, the Group had a current ratio of approximately 3.46 (at 31 March 2007: 3.65). As the Group's transactions are mostly settled by Hong Kong dollars, Renminbi or Hong Kong dollars pegged currencies, the exposure to foreign exchange fluctuation is minimal, therefore no use of financial instruments for hedging purposes is considered necessary.

Material Acquisition or Disposal of Subsidiaries

There was no material disposal of subsidiaries during the six months ended 30 September 2007. Details of the acquisition of a subsidiary of the Company during the period are set out in note 12 above.

Charges on the Group's Assets

At 30 September 2007, none of the Group's assets was pledged.

Commitment and Contingent Liabilities

At 30 September 2007, the Group did not have any commitment and contingent liabilities.

Interim Dividend

The Directors resolved not to declare any interim dividend for the six months ended 30 September 2007.

Employees

At 30 September 2007, the total number of staff was 53 (2006: 18). Salaries of employees were maintained at competitive level. The Group has encountered no problem with the recruitment of its employees. None of the companies in the Group has experienced any labour disputes during the period and the Directors of the Company consider that the Group has excellent employment relationship.

Outlook

On 25 May 2007, the Group has successfully acquired 100% shareholding in Madagascar Energy International Limited ("MEIL"). MEIL was vested with the rights to engage in oil & gas exploration for an 8 year period, oilfield development for a 5 year period and exploitation and operation of oil and gas for 25 years (renewable for another 5 years) and 30 years (renewable for another 5 years) respectively at Madagascar Oilfield 3113, an onshore site with total area of 8,320 kilometers in the Republic of Madagascar. The Group has appointed Netherland, Sewell & Associates, Inc. ("NSAI"), an international renowned oil evaluation institution based in Texas, U.S.A., as its independent technical advisor of the Group. NSAI has issued a technical and oil reserve evaluation report which concluded that oilfield 3113 has ample reserves of light crude oil. After its professional evaluation, NSAI also concluded that, in conservative estimation, Madagascar Oilfield 3113 has not less than 270 million tonnes (equivalent to 2.03 billion barrels) of oil reserve. For details, please refer to the Company's circular dated 10 May 2007. MEIL also entered into a service contract ("Service Contract") with BGP Inc. ("BGP") (中國石油東方物理國際公司) on 30 May 2007. Pursuant to the Service Contract, BGP shall provide exploration and oilfield development services for the onshore oilfield 3113 in Madagascar. The total contract sum of the Service Contract depends on the manpower and time required for completion of the work and it is preliminarily estimated to be approximately US\$12 million. In the meantime, the exploration works by the aforesaid services contract are almost completed. The data obtained from those exploration works will be analyzed in Beijing.

Pursuant to a valuation report issued by BMI Appraisals Limited, the market value of MEIL is HK\$7.3 billion as at 30 November 2007. As at 30 September 2007, the market value of MEIL of approximately 5.4 billion is recorded in the consolidated financial statements of the Group in accordance with the Hong Kong Accounting Standards. The valuation of the MEIL has increased significantly due to the skyrocketing global crude oil price. In other words, there is a substantial hidden value which is not reflected in the financial statements.

On 5 September 2007, the Company entered into the Agreement with the Good Progress Group Limited to acquire the entire equity interests in Madagascar Energy International Gas Station Group Ltd. (“Madagascar Energy”). Madagascar Energy has been granted with the license to carry on the business of import, transportation and distribution of petroleum in Madagascar for a period of seven years since 25 January 2007. The obtaining of the license will enable the Group to tap into the potential lucrative oil distribution and gas station businesses in Madagascar, where the economy is experiencing a steady growth and there is ever increasing demand in petroleum products.

On 3 November 2007, the Company entered into the Agreement to acquire from the Sukapeak Holdings Limited, the entire equity interest in Better Step Group Limited (“Better Step”). Better Step has the interest in 54% shareholding in Madagascar Petroleum International Limited (“MPIL”). MPIL entered into the Production Sharing Contract with Office Des Mines Nationales Et Des Industries Strategiques in respect of Oilfield Block 2104, an onshore site with total area of 20,100 kilometer square in Madagascar, for oil and gas exploitation and operation and certain transactions pertaining thereto. Pursuant to the Production Sharing Contract, MPIL is vested with all the relevant rights to engage in oil and gas exploration for 8 years, oilfield development for 5 years, and exploitation and operation for oil for 25 years (with 5 years possible extension) and gas for 30 years (with 5 years possible extension) at Oilfield Block 2104. Depending on the rate of crude oil production of Oilfield Block 2104, MPIL will share the remaining profit oil after government royalty according to the sharing ratios in the range of 45% to 73% as set out in the Production Sharing Contract. MPIL is responsible for the arrangement of the required capital commitment, human resources and equipment for the project development of oil and gas in Oilfield Block 2104. As at the date of this report, five wells with depth in the range of 67.5 meters to 2,153 meters have been drilled in Oilfield Block 2104, and oil and gas were discovered in three wells with depth in the range of 450 meters to 2,153 meters. According to the oil and gas reserve assessment performed by China University of Petroleum, Oilfield Block 2104 has a prospective resources (遠景資源量) of 490 million tons of oil, 66.24 billion m³ of gas and 556 million tons of total prospective oil and gas resources.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the period and up to the date of this report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE

Compliance with Code Provisions

The Company has complied with the code provisions (the “Code Provisions”) set out in the code on Corporate Governance Practices (the “CCG”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the six months ended 30 September 2007, except for the following deviations:

1. Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

All non-executive directors (including executive directors) of the Company do not have a specific term of appointment. However, they are subject to retirement by rotation in accordance with the Company's bye-laws. The Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code Provision A.4.1.

Subsequent Events

On 29 October 2007, Golden Nova Holdings Limited, Dr. Hui Chi Ming and Nomura International (Hong Kong) Limited entered into the Placing Agreement pursuant to which Nomura International has agreed to place, on a fully underwritten basis, 200,000,000 existing Shares at a price of HK\$1.20 per Share on behalf of the Vendor. For further details, please refer to the Company's announcement dated 30 October 2007.

On 3 November 2007, the Company entered into a conditional sale and purchase agreement to acquire the entire equity interest in Better Step Group Limited from the Sukapeak Holdings Limited at a total consideration of HK\$1,215 million. The consideration will be satisfied by (i) HK\$120 million in cash, payable upon signing of the agreement; (ii) HK\$615 million by the issue of 427,083,333 new Shares at HK\$1.44 per Consideration Share; and (iii) HK\$480 million by the issue of the convertible note at a conversion price of HK\$1.44 per conversion share. For further details, please refer to the Company's announcement dated 9 November 2007.

Audit Committee

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2007 have been reviewed by the Company's audit committee.

Model Code for Securities Transaction by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its Code of Ethics and Securities Transactions by directors of the Company.

Having made specific enquiry of all directors of the Company, they have complied with the required standards set out in the Model Code for the six months ended 30 September 2007.

By Order of the Board
Sino Union Petroleum & Chemical International Limited
Dr. Chui Say Hoe
Executive Director

Hong Kong, 17 December 2007

As at the date hereof, the board of directors of the Company comprises seven executive directors, namely Dr. Wang Tao, Dr. Hui Chi Ming, Mr. Cheung Shing, Dr. Chui Say Hoe, Dr. Ching Men Ky, Carl, Mr. Tsang Kwok Man, and Mr. Cui Yeng Xu, two non-executive directors, namely Dr. Fok Chun Wan, Ian and Mr. Chow Charn Ki, Kenneth and three independent non-executive directors, namely Dr. Yu Sun Say, Mr. Ng Wing Ka and Mr. Edmund Siu.