SUNPEC
中聯石化

SINO UNION PETROLEUM & CHEMICAL INTERNATIONAL LIMITED
中聯石油化工國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 346)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

The board of directors (the "Board") of Sino Union Petroleum & Chemical International Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008 together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Turnover	4	**1,712,962**	554,686
Cost of sales		**(1,646,520)**	(527,244)
Gross profit		**66,442**	27,442
Other revenue	4	**520**	685
Other income	5	**—**	967
Excess of acquirer's interest in fair value of acquiree's identifiable net asset over costs	6	**1,910,182**	—
Selling and distribution costs		**(13,041)**	(1,437)
Administrative expenses		**(24,320)**	(16,785)
Profit from operating activities	5	**1,939,783**	10,872
Finance costs	7	**(4,044)**	—
Profit before taxation		**1,935,739**	10,872
Taxation	8	**(6,370)**	(2,809)
Profit for the year		**1,929,369**	8,063
Attributable to equity holders of the parent		**1,929,369**	8,063
Earnings per share	9		
Basic		**HK49.64 cents**	HK0.63 cents
Diluted		**HK49.06 cents**	HK0.62 cents

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET

At 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		**1,175**	624
Investment property		**12,285**	—
Intangible assets		**249,842**	—
Exploration and evaluation assets	*11*	**5,615,126**	—
Goodwill		**2,364**	—
		5,880,792	624
Current Assets			
Trade receivables	*12*	**144,121**	136,797
Prepayments, deposits and other receivables		**162,767**	57,877
Bank deposit		—	6,415
Cash and bank balances		**228,457**	90,062
		535,345	291,151
Total Assets		**6,416,137**	291,775
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**92,835**	26,334
Reserves		**6,084,199**	185,751
Total Equity		**6,177,034**	212,085
LIABILITIES			
Current Liabilities			
Trade payables	*13*	**145,573**	41,212
Tax payable		**37,619**	31,249
Other payables and accruals		**28,036**	4,878
Amounts due to a holding company		**2,911**	2,351
Amounts due to related companies		**22,314**	—
		236,453	79,690
Non-Current Liabilities			
Deferred taxation		**2,650**	—
Total Liabilities		**239,103**	79,690
Total Equity and Liabilities		**6,416,137**	291,775
Net Current Assets		**298,892**	211,461
Total Assets Less Current Liabilities		**6,179,684**	212,085

Notes:

1. BASIS OF PREPARTAION

The measurement basis used in preparation of the consolidated financial statements is historical cost convention except for certain investment property, financial assets and liabilities, exploration and evaluation assets and intangible assets have been carried at fair value.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are effective for the Group's accounting periods beginning on 1 April 2007. The new HKFRSs adopted by the Group in the financial statements are set out as follows:

HKAS 1 (Amendment)	Presentation of Financial Statements: 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 new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [2]
HKFRS 2 (Amendment)	Share-bases Payment — Vesting Conditions and Cancellations [1]
HKFRS 3 (Revised)	Business Combinations [2]
HKFRS 8	Operating Segments [1]
HK(IFRIC) — Int 12	Service Concession Arrangements [3]
HK(IFRIC) — Int 13	Customer Loyalty Programmes [4]
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction [3]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 January 2008
[4] Effective for annual periods beginning on or after 1 July 2008

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

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 provided. 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 the other business segments. Summary details of the business segments are as follow:

(a) the polyurethane ("PU") materials segment involves the trading of PU materials, such as isocyanate, polyols and various kinds of PU catalysts; and

(b) the fuel oil segment.

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 tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments.

The Group

	PU materials		Fuel oil		Oil, gas exploration, exploitation and operation		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**400,060**	554,686	**1,312,902**	—	**—**	—	**1,712,962**	554,686
Total revenue	**400,060**	554,686	**1,312,902**	—	**—**	—	**1,712,962**	554,686
Segment results	**19,716**	22,407	**46,726**	—	**—**	—	**66,442**	22,407
Interest income							**510**	685
Unallocated income							**10**	—
Excess of acquirer's interest in fair value of acquiree's identifiable net asset over costs							**1,910,182**	—
Gain on disposal of subsidiaries	**—**	571	**—**	—	**—**	—	**—**	571
Unallocated expenses							**(37,361)**	(12,791)
Profit from operating activities							**1,939,783**	10,872
Finance costs							**(4,044)**	—
Profit before taxation							**1,935,739**	10,872
Taxation							**(6,370)**	(2,809)
Net profit from ordinary activities attributable to shareholders							**1,929,369**	8,063

	PU materials		Fuel oil		Oil, gas exploration, exploitation and operation		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Balance Sheet								
Segment assets	**271,458**	276,645	**137,202**	15,130	**5,616,208**	—	**6,024,868**	291,775
Intangible assets							**249,842**	—
Unallocated assets							**141,427**	—
Total assets							**6,416,137**	291,775
Segment liabilities	**59,014**	66,673	**106,950**	—	**24,014**	—	**189,978**	66,673
Unallocated liabilities							**49,125**	13,017
Total liabilities							**239,103**	79,690
Other segment information:								
Depreciation	**151**	269	**—**	—	**183**	—	**334**	269
Capital expenditure	**143**	390	**—**	—	**308**	—	**451**	390

(b) Geographical segments

During the year ended 31 March 2008 and 2007, the Group's entire turnover was derived from sales in the PRC, no geographical segmental information on turnover were presented.

At 31 March 2008, more than 90% of the Group's assets were located at the Madagascar and at 31 March 2007, more than 90% of Group's assets were located at the PRC, no geographical segmental information on assets is presented.

4. TURNOVER AND OTHER REVENUE

Turnover represents the net invoiced value of good sold, after allowances for returns and trade discounts. All significant intercompany transactions have been eliminated on consolidation.

An analysis of the Group's turnover and other revenue are as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Turnover		
Sale of PU materials	**400,060**	554,686
Sale of fuel oil	**1,312,902**	—
	1,712,962	554,686
Other revenue		
Bank interest income	**510**	685
Others	**10**	—
	520	685

Other revenue analysed by category of asset is as follows:

	2008	2007
	HK$'000	*HK$'000*
Loan and receivables (including cash and bank balances)	**510**	685
Non-financial assets	**10**	—
	520	685

5. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging:

	2008	2007
	HK$'000	*HK$'000*
Cost of inventories sold	**1,646,520**	527,224
Auditors' remuneration	**400**	400
Depreciation	**334**	269
Impairment loss recognised in respect of goodwill	**—**	25
Minimum lease payments under operating lease in respect of rented premises	**1,448**	1,774
Staff costs (including Directors' remuneration):		
Salaries and wages	**9,703**	5,597
Mandatory provident fund contributions	**131**	70
and after crediting:		
Other income		
Gain on disposal of subsidiaries	**—**	571
Exchange gain, net	**—**	396
	—	967

6. ACQUISITIONS OF SUBSIDIARIES

(a) Acquisition of Madagascar Energy International Limited ("MEIL")

On 3 January 2007, the Company entered into a sale and purchase agreement to acquire 93% issued share capital of MEIL from Golden Nova Holdings Limited for a total provisional consideration of HK$800 million. The acquisition was completed on 4 June 2007. As at the date of completion of the acquisition, the fair value of the cost of the acquisition was approximately HK$3,210,142,000.

The net assets acquired in the transaction and the excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost 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	608	—	608
Deposits	18	—	18
Cash and bank balances	1,702	—	1,702
Amount due to related companies	(9,903)	—	(9,903)
Exploration rights	—	5,507,575	5,507,575
100% equity interest of MEIL	(7,575)	5,507,575	5,500,000
Acquisition of 93% equity interest in MEIL	(7,045)	5,122,045	5,115,000
Excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost *(note i)*			(1,904,858)
			3,210,142
Total consideration satisfied by:			
Cash consideration			10,000
Issue of bond			85,956
Issue of shares *(note iii)*			2,825,000
Issue of convertible note *(note iv)*			289,186
Total consideration			3,210,142
Net cash outflow arising on acquisition:			
Cash and bank balances acquired			1,702
Cash consideration			(10,000)
			(8,298)

(b) Acquisition of Dolaway Group Limited ("Dolaway")

On 5 September 2007, the Company entered into a sale and purchase agreement to acquire 100% issued share capital of Dolaway from Good Progress Group Limited for a consideration of HK$12 million. The acquisitions were completed on 10 January 2008.

	Acquiree's carrying amount *HK$'000*	**Fair value adjustment** *HK$'000*	**Fair value** *HK$'000*
Net assets acquired:			
Investment property	12,285	—	12,285
Other receivables	1	—	1
Deferred tax liabilities	(2,650)	—	(2,650)
	9,636	—	9,636
Goodwill			2,364
			12,000
Total consideration satisfied by:			
Cash consideration			12,000
Net cash outflow arising on acquisition:			
Cash consideration			(12,000)

(c) Acquisition of Madagascar Energy International Gas Station Group Limited ("MEIGSGL")

On 5 September 2007, the Company entered into a sale and purchase agreement to acquire 100% issued share capital of MEIGSGL from Good Progress Group Limited for a consideration of HK$248 million. The acquisitions were completed on 10 January 2008. As at the date of completion, the fair value of the cost of acquisition was approximately HK$244,497,000.

	Acquiree's carrying amount	**Fair value adjustment**	**Fair value**
	HK$'000	*HK$'000*	*HK$'000*
Net assets acquired:			
Amount due to related companies	(21)	—	(21)
Intangible assets	—	249,842	249,842
	(21)	249,842	249,821
Excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost *(note i)*			(5,324)
			244,497
Total consideration satisfied by:			
Cash consideration, including transaction cost			48,664
Issue of shares *(note iii)*			195,833
			244,497
Net cash outflow arising on acquisition:			
Cash consideration paid			(33,664)

(d) Summary of the acquisition of the subsidiaries is set out as follow:

	MEIL	**Dolaway**	**MEIGSGL**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Acquiree's carrying amount	(7,575)	9,636	(21)	2,040
Fair value adjustment	5,507,575	—	249,842	5,757,417
	5,500,000	9,636	249,821	5,759,457
Effective interest acquired	93%	100%	100%	N/A
Effective net assets acquired	5,115,000	9,636	249,821	5,374,457
Goodwill	—	2,364	—	2,364
Excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost *(note i)*	(1,904,858)	—	(5,324)	(1,910,182)
	3,210,142	12,000	244,497	3,466,639
Total consideration satisfied by:				
Cash consideration, including transaction cost	10,000	12,000	48,664	70,664
Issue of bond	85,956	—	—	85,956
Issue of shares *(note iii)*	2,825,000	—	195,833	3,020,833
Issue of Convertible Note *(note iv)*	289,186	—	—	289,186
Total consideration	3,210,142	12,000	244,497	3,466,639
Net cash outflow arising on acquisition:				
Cash and bank balances acquired	1,702	—	—	1,702
Cash consideration paid, including transaction cost	(10,000)	(12,000)	(33,664)	(55,664)
	(8,298)	(12,000)	(33,664)	(53,962)

Note:

i. In the opinion of the directors of the Company, the excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost arose in the business combination is mainly attributable to the increase in the fair value of the right in exploration, exploitation and operation in the oilfield block 3113 in Madagascar and the right in import, transportation and distribution of petroleum in Madagascar. The excess were recognised in the consolidated income statement immediately.

ii. MEIL, Dolaway and MEIGSGL acquired during the year ended 31 March 2008 attributed loss of approximately HK$1,909,000, HK$9,000 and HK$10,000 to the Group's profit after taxation respectively. None of these subsidiaries acquired during the year contribute any revenue to the Group.

iii. The share considerations for acquisition of MEIL and MEIGSGL were settled through issue of 1,250,000,000 shares and 138,888,889 respectively. The fair values of the share considerations were determined in accordance with the quoted market price of the Company's share as at the completion date of the acquisition.

iv. The fair value of the convertible notes issued has been arrived at on the basis of a valuation carried out on the completion date of the acquisition by Messers. BMI Appraisal Limited, independent qualified professional valuers not connected with the Group. The valuation was arrived at by reference to discounted cash flow method and binomial method.

7. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Interest expenses on bond – wholly repayable within 5 years	**4,044**	—

8. TAXATION

No provision for Hong Kong profits tax has been made as the Group did not have assessable profits for the year (2007: Nil). Taxes on profits assessable 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.

	2008	2007
	HK$'000	*HK$'000*
Current year provision:		
Overseas	**6,370**	2,809

9. 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:

	2008	2007
	HK$'000	*HK$'000*
Earnings		
Earnings attributable to the equity holders of the Company for the purposes of basic and diluted earnings per share	**1,929,369**	8,063

	Number of shares 2008 '000	2007 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**3,886,389**	1,271,772
Effect of dilutive potential ordinary shares: Share options	**46,577**	28,150
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**3,932,966**	1,299,922

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

10. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 March 2008 (2007: Nil).

11. EXPLORATION AND EVALUATION ASSETS

The Group

	Exploration rights *HK$'000* *(Note i)*	**Evaluation costs** *HK$'000* *(Note ii)*	**Total** *HK$'000*
Cost			
At 1 April 2007	—	—	—
Acquisition of a subsidiary	5,507,575	—	5,507,575
Additions	—	107,551	107,551
At 31 March 2008	5,507,575	107,551	5,615,126

Note:

i. The exploration rights were obtained by the Group through acquisition of a subsidiary. For further details of the acquisition, please refer to Note 6.

   The rights represent the oil, gas exploration, exploitation and operations rights and profit sharing rights at Madagascar Oilfield Block 3113, an onshore site for oil and gas exploration, exploitation and operation in Madagascar ("Oilfield Block 3113"). Depending on the rate of crude oil production, the Group will share the profit on a pre-agreed ratio in the range of 45% to 73% with the Office Des mines Natinales Et Des Industries Strategiques, a government office of the Republic of Madagascar ("OMNIS").

ii. The evaluation costs represents expenditure paid for provision of services on activities relating to evaluation of the technical feasibility and commercial viability of extracting oil and gas in Madagascar Oilfield Block 3113.

12. TRADE RECEIVABLES

The Group

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 invoiced date, is as follows:

	2008	2007
	HK$'000	*HK$'000*
Current to 30 days	**120,139**	100,702
31 days to 90 days	**23,982**	32,725
Over 90 days	**—**	3,370
	144,121	136,797

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

Included in the Group's trade receivables balance, trade receivables with a carrying amount of HK$1,451,000 (2007: HK$36,095,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2008	2007
	HK$'000	*HK$'000*
31-90 days	**1,451**	36,095
Over 90 days	**—**	—
	1,451	36,095

13. TRADE PAYABLES

The Group

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

	2008	2007
	HK$'000	*HK$'000*
Current to 30 days	**100,889**	41,212
31 days to 90 days	**44,684**	—
Over 90 days	**—**	—
	145,573	41,212

The average credit period on purchases of is three months. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

BUSINESS REVIEW AND PROSPECTUS

The Group has successfully redirect its principle business to oil & gas industry. Going forward, the Board sees the Group's newly diversified oil exploration and exploitation business as the turbo engine to the Group' growth momentum in the future. Capitalising on the soaring global crude oil prices, the Board sees the business development potential of this new business as very promising. The Group is determined to establish a strong foothold in oil and gas industry. The Group will actively seek out suitable oil & gas projects with growth potential in order to further expand our oil & gas business and develop related businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the financial year ended 31 March 2008, the Group recorded a turnover of approximately HK$400,060,000 (2007: HK$554,686,000) and HK$1,312,902,000 (2007: Nil) from trading of PU materials and trading of fuel oil respectively during the year, which was decreased by 28% and increased 100% respectively comparing to the previous year. Profit attributable to shareholders was HK$1,929,369,000 (2007: profit of HK$8,063,000), the profits included excess of acquirer's interest in fair value of acquiree's identifiable net asset over costs. Basic earnings per share is HK49.64 cents (2007: HK0.63 cents).

Operation Review

During the year under review, more than 90% of the Group's profit derived from was excess of acquirer's interest in fair value of acquiree's identifiable net asset over costs. Turnover derived from distribution of PU materials and field oil and the principal market of the Group was the PRC. No revenue was derived from Hong Kong during the year (2007: Nil).

Distribution of PU materials

During the year, revenue from the distribution of PU materials was approximately HK$400,060,000 (2007: HK$554,686,000), representing decrease of approximately 28% compared to previous year. The distribution of PU materials contributed approximately HK$14 million (2007: HK$11 million) to the Group's profit from operating activities for the year, representing an increase in 32% compared to previous year. The market of the PU materials became increasingly competitive and the demand of PU materials showed a decreasing trend during the financial year. The Group had scale down the revenue in order to deal with the risks coupling with such a competitive environment.

Distribution of petroleum products

On 3 April 2007, the Group entered into a supply and purchases 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), pursuant to which the Group has agreed to supply 360,000 tons of fuels 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 less than RMB25.2 million, and Foshan Hua Heng shall at least RMB2.1 million per months to the Group for its profit margin of the monthly sale of 30,000 tons fuel oil Foshan Hua Heng.

During the year, the Group has commenced the distribution business of fuels products, which contribute approximately HK$1,312,902,000 to the Group's turnover, which account for 76.6% of the Group's turnover for the year. The distribution business of fuel products contributed approximately HK$36,611,000 to the Group's net profit from operating activities for the year.

Liquidity and Financial Resources

As at 31 March 2008, the Group did not have any outstanding borrowings (2007: Nil) and bank balances approximately HK$228,457,000 (2007: HK$90,062,000).

With the available resources and the proceeds from the allotment and issue of shares of the Company ordinary shares, the Group has adequate working capital to finance its business operations.

As at 31 March 2008, the current ratio (current assets divided by current liabilities) was 2.26 times (2007: 3.65 times) and the gearing ratio, calculated on the basis of bank borrowing and convertible bond divided by shareholders' equity, was undefined due to the fact that the Group did not have any bank borrowings and convertible bond at 31 March 2008 (2007: undefined).

Subsequent Events

(a) On 3 November 2007, the Company entered into a sales and purchases agreement to acquire from the Sukapeak Holdings Limited the entire equity interest in Better Step Group 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 convertible note at a conversion price of HK$1.44 per conversion share. The acquisition was completed on 8 April 2008. For further details, please refer to the Company announcement and circular dated 9 November 2007 and 12 March 2008 respectively.

(b) On 3 April 2008, the Group entered into a legally-binding Agreement with Shaanxi Yanchang Petroleum (Group) Limited ("Yanchang Petroleum"). Pursuant to the Agreement, the Group and Yanchang Petroleum shall jointly invest and manage the exploration, exploitation and operation of Oilfield Block 3113 and each party shall contribute 50% of the required capital investment for the development of Oilfield Block 3113. For further detail, please refer to the Group's announcement and circular dated 11 April 2008 and 28 May 2008 respectively.

(c) On 17 April 2008, the Group entered into a sale and purchase agreement with Smart Rich Energy Finance (Holdings) Limited ("Smart Rich Energy") and Dorson Group Limited ("Dorson") pursuant to which Dorson has conditionally agreed to acquire, and Smart Rich Energy has conditionally agreed to procure Dorson, and Dorson have agreed to sell 36% equity interest in Madagascar Petroleum International Limited ("MPIL") for a total consideration of HK$810 million. The consideration will be satisfied by HK$100 million in cash and HK$710 million by the issue of

253,571,428 new shares at HK$2.8 per share. The acquisition has not been completed up to the date of this announcement. For further details, please refer to the Company announcement and circular dated 22 April 2007 and 16 May 2008 respectively.

(d) On 17 June 2008, MEIL entered into a legally-binding agreement with ECO Energy (International) Limited ("ECO"), a wholly-owned subsidiary of The Hong Kong and China Gas Company. Pursuant to the agreement, MEIL and ECO shall jointly invest and manage the exploration, exploitation and operations of Oilfield Block 3113 with Shaanxi Yanchang Petroleum (Group) Limited ("Yanchang Petroleum"). MEIL and ECO shall contribute 29% and 21% of the required capital investment for the development of Oilfield Block 3113 respectively. MEIL and ECO shall also share with Yanchang Petroleum all the obligations and rights entitled by MEIL in accordance with the Production Sharing Agreement, the Production Sharing Agreement entered into between MEIL and OMNIS, based on their respective investment proportion in Oilfield Block 3113.

CORPORATE GOVERNANCE

The Board is committed to achieving a high standard of corporate governance with a view to enhance the management of the Company as well as to safeguard the interests of the shareholders as a whole in terms of transparency, independence, accountability, responsibilities and fairness. In the opinion of the Board, the Company had complied with the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Rules Governing the listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 March 2008, except that the independent non-executive directors of the Company are not appointed for a specific terms as required by Code A.4.1 of the Code, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's bye-laws.

The relationships among the members of the Board are disclosed under "Directors' and Senior Management's Biographies" in the Company's annual report 2008. During the period from 25 October 2007 to 13 December 2007, the Board did not fulfill the requirements of the Listing Rules 3.10(1) and 3.10(2) which require the Board should at least include three independent non-executive directors. During the aforesaid period, the Board had tired to seek appropriate person to join the Board. Save for above-mentioned period, during the year ended 31 March 2008, the Board at all times met the requirements of the Listing rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director processing appropriate professional qualifications, or accounting or related financial management expertise.

Code A.4.1 of CG Code

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

All non-executive directors of the Company, were not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

Further details of the Company's corporate governance practices are described in the corporate governance report included in the Company's annual report 2008.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors, the directors of the Company confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 March 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 March 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company has an Audit Committee which comprises three independent non-executive directors, namely Dr. Yu Sun Say, Mr. Ng Wing Ka and Mr. Edmund Siu. The terms of reference which describes the authority and duties of the Audit Committee was prepared and adopted with reference to "A Guide for Effective Audit Committees" published by the Hong Kong Institute of Certified Public Accountants. Given below are the main duties of the Audit Committee:

(a) Reviewing and providing supervision over the Group's financial reporting process and internal control;

(b) Reviewing any changes in accounting policies and practices adopted by the Group;

(c) Reviewing the audited financial statements and the annual report of the Company for the year ended 31 March 2008.

There were 4 meetings during the year ended 31 March 2008. Dr. Yu Sun Say and Mr. Ng Wing Ka have attended all meetings while Mr. Edmund Siu has attended 3 meetings.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (www.sunpec.com). The Company's annual report 2008 will be dispatched to the shareholders of the Company and available on the above websites in due course.

RECTIFICATION ON THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007 ("2007 INTERIM RESULTS") OF THE GROUP

The Board regrets to report that during the preparation of the Group's annual audit for the financial year ended 31 March 2008, the auditors of the Company found that a material error had been made in 2007 Interim Results with respect to the calculation of the cost of acquisition of a subsidiary acquired during the year. The fair value of consideration shares issued by the Company for the acquisition was inadvertently calculated based on the issue price of the shares of the Company ("Shares") of HK$0.24 instead of the market price of the Shares quoted on The Stock Exchange of Hong Kong Limited of HK$2.26 at the completion date as required under Hong Kong Financial Reporting Standard 3. As a result, the cost of acquisition was understated by approximately HK$2,525,000,000 and the excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost and the net profit from ordinary activities attributable to shareholders of the Company should have been adjusted from approximately HK$4,429,858,000 to approximately HK$1,904,858,000 and from approximately HK$4,440,491,000 to approximately HK$1,915,491,000 respectively for the 2007 Interim Results.

The auditors of the Company, have confirmed that, in their opinion, the incorrect booking of the cost of acquisition has no material impact on the cash position and assets and liabilities of the Group as at 30 September 2007.

At the Board's direction, the Company shall conduct a review on the Group's internal control procedures and implement additional procedures, if necessary, with a view to ensure that similar errors would not occur in the future.

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

Hong Kong, 20 June 2008

As at the date of this announcement, the Board comprises of (1) Executive Directors: 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; (2) Non-Executive Directors: Dr. Fok Chun Wan, Ian and Mr. Chow Charn Ki, Kenneth; and (3) Independent Non-Executive Directors: Dr. Yun Sun Say, Mr. Ng Wing Ka and Mr. Edmund Siu.