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 2009

The board of directors (the "Board") of Sino Union Petroleum & Chemical International Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2009 together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Turnover	4	**1,276,639**	1,712,962
Cost of sales		**(1,228,109)**	(1,646,520)
Gross profit		**48,530**	66,442
Other revenue	4	**481**	520
Other gains and losses	6	**(1,834,110)**	1,910,182
Selling and distribution costs		**(11,693)**	(13,041)
Administrative expenses		**(36,754)**	(24,320)
(Loss)/profit from operating activities	5	**(1,833,546)**	1,939,783
Finance costs	7	**(1,183)**	(4,044)
(Loss)/profit before taxation		**(1,834,729)**	1,935,739
Taxation	8	**(4,066)**	(6,370)
(Loss)/profit for the year		**(1,838,795)**	1,929,369
Attributable to			
— Minority interest		**(376)**	—
— Equity holders of the Company		**(1,838,419)**	1,929,369
		(1,838,795)	1,929,369
(Loss)/earnings per share	9		
Basic		**HK(32.28) cents**	HK49.64 cents
Diluted		**HK(32.28) cents**	HK49.06 cents

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET
At 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**2,177**	1,175
Prepaid lease payments		**936**	—
Investment property		**12,000**	12,285
Intangible asset		**58,000**	249,842
Exploration and evaluation assets	*11*	**8,481,756**	5,615,126
Goodwill		—	2,364
		8,554,869	5,880,792
Current assets			
Trade receivables	*12*	**92,584**	144,121
Prepayments, deposits and other receivables		**26,307**	162,767
Cash and bank balances		**121,168**	228,457
		240,059	535,345
Total assets		**8,794,928**	6,416,137
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**120,449**	92,835
Reserves		**8,397,559**	6,084,199
Total equity		**8,518,008**	6,177,034
LIABILITIES			
Current liabilities			
Trade and other payables	*13*	**133,736**	173,609
Tax payable		**27,374**	37,619
Amount due to a holding company		**2,911**	2,911
Amounts due to related companies		**13,524**	22,314
Convertible notes		**96,287**	—
		273,832	236,453
Non-current liabilities			
Deferred taxation		**3,088**	2,650
Total liabilities		**276,920**	239,103
Total equity and liabilities		**8,794,928**	6,416,347
Net current (liabilities)/assets		**(33,773)**	298,892
Total assets less current liabilities		**8,521,096**	6,179,684

Notes:

1. BASIS OF PREPARATION

The measurement basis used in preparation of the financial statements is historical cost convention except for investment property and certain financial assets and liabilities which have been carried at fair values.

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

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

In the current year, the Group has applied, for the first time, a number of new amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning 1 April 2008. A summary of the new HKFRS are set out as below:

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) — Int 12	Service Concession Arrangements
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction

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 not early adopted the following new HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Financial Instruments: Disclosure — Improving Disclosures about Financial Instruments[3]

HKFRS 8	Operating Segments[3]
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[7]
HK(IFRIC) — Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC) — Int 18	Transfers of Assets from Customers[8]

[1] Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

[2] Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.

[3] Effective for annual periods beginning on or after 1 January 2009.

[4] Effective for annual periods beginning on or after 1 July 2009.

[5] Effective for annual periods beginning on or after 1 July 2008.

[6] Effective for annual periods beginning on or after 1 October 2008.

[7] Effective for annual periods beginning on or after 30 June 2009.

[8] Effective for transfers of assets from customers received on or after 1 July 2009.

The Group is in the process of making an assessment of the impact of these new HKFRSs upon initial application. So far, it has concluded that while the adoption of HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised), HKAS 27 (Revised) and HKAS 23 (Revised) may result in changes in accounting policies, these new HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

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;

(b) the fuel oil segment involves trading of fuel oil products with model no. 180CST; and

(c) oil, gas exploration, exploitation and operation segment involves oil, gas exploration, exploitation and operation in Madagascar. During the year, this segment did not generate any revenue or profit to the Group.

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	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**58,008**	400,060	**1,218,631**	1,312,902	**—**	—	**1,276,639**	1,712,962
Segment results	**668**	19,716	**35,565**	46,726	**(3,955,060)**	—	**(3,918,827)**	66,442
Interest income							**471**	510
Unallocated income							**10**	10
Excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost *(note 14)*							**2,103,419**	1,910,182
Gain on disposal of a subsidiary							**16,255**	—
Fair value change on investment property							**(285)**	—
Impairment loss recognised in respect of goodwill							**(2,364)**	—
Impairment loss recognised in respect of deposits paid and other receivables							**(2,234)**	—
Unallocated expenses							**(29,991)**	(37,361)
(Loss)/profit from operating activities							**(1,833,546)**	1,939,783
Finance costs							**(1,183)**	(4,044)
(Loss)/profit before taxation							**(1,834,729)**	1,935,739
Taxation							**(4,066)**	(6,370)
(Loss)/profit for the year							**(1,838,795)**	1,929,369

	PU materials		Fuel oil		Oil, gas exploration, exploitation and operation		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**119,612**	271,458	**117,948**	137,202	**8,541,388**	5,866,050	**8,778,948**	6,274,710
Unallocated assets							**15,980**	141,427
Total assets							**8,794,928**	6,416,137
Segment liabilities	**12,352**	59,014	**73,424**	106,950	**60,070**	24,014	**145,846**	189,978
Unallocated liabilities							**131,074**	49,125
Total liabilities							**276,920**	239,103

	PU materials		Fuel oil		Oil, gas exploration, exploitation and operation		Unallocated		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:										
Depreciation	**—**	151	**—**	—	**255**	183	**414**	—	**669**	334
Amortisation	**—**	—	**—**	—	**19**	—	**—**	—	**19**	—
Capital expenditure	**—**	143	**—**	—	**1,635**	308	**324**	—	**1,959**	451
Impairment loss recognised in respect of exploration and evaluation assets	**—**	—	**—**	—	**3,757,059**	—	**—**	—	**3,757,059**	—
Impairment loss recognised in respect of intangible asset	**—**	—	**—**	—	**191,842**	—	**—**	—	**191,842**	—
Impairment loss recognised in respect of goodwill	**—**	—	**—**	—	**—**	—	**2,364**	—	**2,364**	—
Impairment loss recognised in respect of deposits paid and other receivables	**—**	—	**—**	—	**—**	—	**2,234**	—	**2,234**	—

(b) Geographical segments

During the years ended 31 March 2009 and 2008, the Group's entire turnover was derived from sales in the PRC, no geographical segmental information on turnover is presented.

At 31 March 2009 and 2008, more than 90% of the Group's assets were located at Madagascar, no geographical segmental information on assets is presented.

4. TURNOVER AND OTHER REVENUE

Turnover represents the net invoiced value of goods 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	
	2009	2008
	HK$'000	*HK$'000*
Turnover		
Sale of PU materials	**58,008**	400,060
Sale of fuel oil	**1,218,631**	1,312,902
	1,276,639	1,712,962
Other revenue		
Bank interest income	**471**	510
Others	**10**	10
	481	520

5. (LOSS)/PROFIT FROM OPERATING ACTIVITIES

The Group's (loss)/profit from operating activities is arrived at after charging:

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Cost of inventories sold	**1,228,109**	1,646,520
Auditors' remuneration	**400**	400
Depreciation of property, plant and equipment	**669**	334
Amortisation of prepaid lease payments	**19**	—
Minimum lease payments under operating lease in respect of rented premises	**1,710**	1,448
Staff costs (including Directors' remuneration):		
Salaries and wages	**13,153**	9,703
Mandatory provident fund contributions	**166**	131
Loss on disposal of property, plant and equipment	**63**	177

6. OTHER GAINS AND LOSSES

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Gain on disposal of a subsidiary	**16,255**	—
Excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost *(note 14)*	**2,103,419**	1,910,182
Fair value change on investment property	**(285)**	—
Impairment loss recognised in respect of intangible asset	**(191,842)**	—
Impairment loss recognised in respect of exploration and evaluation assets *(note 11)*	**(3,757,059)**	—
Impairment loss recognised in respect of goodwill	**(2,364)**	—
Impairment loss recognised in respect of deposits paid and other receivables	**(2,234)**	—
	(1,834,110)	1,910,182

7. FINANCE COSTS

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Interest expenses on bond — wholly repayable within five years	**—**	4,044
Effective interest on convertible notes wholly repayable within five years	**1,183**	—
	1,183	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 (2008: 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.

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Current taxation		
Charge for the year — Overseas	**4,331**	6,370
Deferred taxation		
Convertible notes	**(90)**	—
Revaluation of investment property	**(175)**	—
	(265)	—
Total tax charged for the year	**4,066**	6,370

9. (LOSS)/EARNINGS PER SHARE

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

	2009	2008
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/earnings attributable to the equity holders of the Company for the purpose of basic (loss)/earnings per share	**(1,838,419)**	1,929,369

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the year ended 31 March 2009 was approximately 5,696,037,000.

Diluted loss per share for the year ended 31 March 2009 was the same as the basic loss per share. The Company's outstanding convertible note were not included in the calculation of diluted loss per share because the effect of the Company's outstanding convertible notes were anti-dilutive.

	Number of shares
	2008
	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2008	3,886,389
Effect of dilutive potential ordinary shares:	
Share options	46,577
Weighted average number of ordinary shares for the purpose of diluted earnings per share for the year ended 31 March 2008	3,932,966

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share for the years ended 31 March 2009 and 2008.

10. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 March 2009 (2008: Nil).

11. EXPLORATION AND EVALUATION ASSETS

The Group

	Exploration rights	Evaluation costs	Total
	HK$'000	*HK$'000*	*HK$'000*
	(Note i)	*(Note ii)*	
Cost			
At 1 April 2007	—	—	—
Acquisition of a subsidiary	5,507,575	—	5,507,575
Additions	—	107,551	107,551
At 31 March 2008 and 1 April 2008	5,507,575	107,551	5,615,126
Acquisition of a subsidiaries *(note 14)*	6,589,484	12,105	6,601,589
Additions	—	22,100	22,100
At 31 March 2009	12,097,059	141,756	12,238,815
Impairment			
At 1 April 2007 and 1 April 2008	—	—	—
Impairment loss recognised	3,757,059	—	3,757,059
At 31 March 2009	3,757,059	—	3,757,059
Carrying amount			
At 31 March 2009	**8,340,000**	**141,756**	**8,481,756**
At 31 March 2008	5,507,575	107,551	5,615,126

Note:

i. The exploration rights represent the oil, gas exploration, exploitation and operations rights and profit sharing rights at Madagascar Oilfield Block 2104 and Madagascar Oilfield Block 3113, onshore sites for oil and gas exploration, exploitation and operation in Madagascar ("Oilfield Block 2104" and "Oilfield Block 3113").

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 Oilfield Block 2104 and Oilfield Block 3113.

iii. Due to the significant drop in the current market oil price, the Group carried out a review of the recoverable amount of its exploration rights. The review led to the recognition of an impairment loss of approximately HK$3,757,059,000 (2008: Nil) that has been recognised in the consolidated income statement. The recoverable amounts of the exploration rights have been determined based on their fair values less cost to sell. The market approach provides an indication of value by comparing the exploration rights to similar transactions that have been sold in the market, with appropriate adjustments for the differences between the exploration rights and the comparable transactions.

Valuations of the relevant exploration rights were carried out at the balance sheet date by BMI Appraisals Limited, independent qualified professional valuers not connected with the Group. BMI Appraisals Limited is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar assets. The relevant assets were valued on the basis of its market value which was considered as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

12. TRADE RECEIVABLES

The Group

Trade receivables, which generally have credit terms of 30-90 days (2008: 30-90 days), are recognised and carried at the original invoiced amount less provision for impairment loss. It is the Group's policy to provide full impairment loss for all receivables over 1 year because historical experience is such that receivables that are past due beyond 1 year are generally not recoverable.

	2009	2008
	HK$'000	*HK$'000*
0 to 30 days	**92,584**	120,139
31 days to 90 days	**—**	23,982
	92,584	144,121

Based on past experience, the directors of the Company believe that no impairment loss is necessary in respect of these balance as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Ageing of trade receivables which are past due but not impaired

	The Group	
	2009	2008
	HK$'000	*HK$'000*
31 days to 90 days	—	1,451

As at 31 March 2009, no trade receivables are past due. As at 31 March 2008, trade receivables of approximately HK$1,451,000 are past due for which the Group has not provided from impairment loss. The Group does not hold any collateral over these balances.

13. TRADE AND OTHER PAYABLES

The Group

	2009	2008
	HK$'000	*HK$'000*
Trade payables	**63,188**	145,573
Other payables	**70,548**	28,036
	133,736	173,609

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

	2009	2008
	HK$'000	*HK$'000*
0 to 30 days	**63,188**	100,889
31 days to 90 days	—	44,684
	63,188	145,573

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

14. ACQUISITIONS OF SUBSIDIARIES

Acquisition of Better Step Group Limited ("Better Step")

On 3 November 2007, the Company entered into a sale and purchase agreement to acquire from Sukapeak Holdings Limited for the entire issued share capital of Better Step, which holds 54% equity interest in Madagascar Petroleum International Limited ("MPIL") (collectively referred to "Better Step Group"), at a total consideration of HK$1,215,000,000. The acquisition was completed on 8 April 2008. As at the date of completion of the acquisition, the fair value of the cost of the acquisition was approximately HK$1,465,625,000.

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 are as follows:

	Acquiree's carrying amount *HK$'000*	Fair value adjustments *HK$'000*	Fair value *HK$'000*
Net assets acquired:			
Property, plant and equipment	748	—	748
Prepayment	415	—	415
Other deposits	2	—	2
Cash and bank balances	97	—	97
Amounts due from related companies	4,113	—	4,113
Amounts due to related companies	(14)	—	(14)
Accruals	(13,294)	—	(13,294)
Exploration and evaluation assets	5,012,105	1,589,484	6,601,589
	5,004,172	1,589,484	6,593,656
Minority interests			(3,024,612)
Excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost *(note i)*			(2,103,419)
			1,465,625
Total consideration satisfied by:			
Cash consideration			120,000
Issue of shares *(note iii)*			636,354
Issue of convertible note *(note iv)*			708,255
Acquisition-related costs			1,016
Total consideration			1,465,625
Net cash outflow arising on acquisition:			
Cash and bank balances acquired			97
Cash consideration			(120,000)
Acquisition-related costs			(1,016)
			(120,919)

Notes:

(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 2104 in Madagascar as a result of increase in the international crude oil price subsequent to entering into the sales and purchases agreement. The excess was recognised in the consolidated income statement immediately. The Company has reassessed the fair value of acquiree's identifiable net assets and considered the values of net assets are measured reliably.

(ii) Better Step Group from the date of acquisition to the balance sheet date attributed loss of approximately HK$2,327,000 to the Group's loss for the year. None of these subsidiaries acquired during the year contribute any revenue to the Group.

(iii) The share considerations for acquisition of Better Step Group were settled through issue of 427,083,333 shares. The fair values of the share consideration were determined in accordance with the quoted market price of the Company's share of HK$1.49 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 Ascent Partners Group Limited, an independent qualified professional valuers not connected with the Group. The valuation was arrived at by reference to discounted cash flow method and Black-Scholes method.

15. ACQUISITION OF ADDITIONAL INTERESTS IN A SUBSIDIARY

On 17 April 2008, the Group entered into a sale and purchase agreement with Smart Rich Energy Finance (Holdings) Limited ("Smart Rich") and Dorson Group Limited ("Dorson") pursuant to which the Group has conditionally agreed to acquire, and Smart Rich has conditionally agreed to procure Dorson, and Dorson has agreed to sell 36% equity interest in MPIL at a total consideration of HK$810,000,000. The consideration was satisfied by (i) cash of HK$100,000,000 and (ii) HK$710,000,000 by issue of approximately 253,571,000 shares of HK$2.8 per consideration share. The acquisition was completed on 7 August 2008. As at the date of completion of the acquisition, the aggregate fair value of the cost of the acquisition was approximately HK$389,071,000 that in relation to the cash paid of HK$100,000,000 and issuance of shares of HK$289,071,000 and the carrying amount of the underlying assets and liabilities attributable to the additional interest was approximately HK$2,366,876,000. A difference of approximately HK$1,977,805,000 between the amount by which the minority interests are adjusted and the fair value of the consideration paid was recognised in the equity.

On 5 September 2008, the Company entered into a sale and purchase agreement to acquire from Right Up Holdings Limited ("Right Up") the entire equity interest in Double High Group Limited ("Double High") at a total consideration of HK$600,000,000. The consideration was satisfied by (i) cash of HK$200,000,000 and (ii) HK$400,000,000 by issue of 320,000,000 new shares at HK$1.25 per consideration share. The principal activity of Double High is investment holding and the main asset of Double High is 10% equity interest in MPIL. The acquisition was completed on 5 December 2008. As at the date of completion of the acquisition, the fair value of the cost of the acquisition was approximately HK$348,800,000 that in relation to the cash paid of HK$200,000,000 and issuance of shares HK$148,800,000 and the carrying amount of the underlying assets and liabilities attributable to the additional interest was approximately HK$657,361,000. A difference of approximately HK$308,561,000 between the amount by which the minority interests are adjusted and the fair value of the consideration paid was recognised in the equity.

BUSINESS REVIEW AND PROSPECTUS

This financial was a volatile year for the oil industry. Oil prices skyrocketed to a record high and plummeted to less than US$40 per barrel later. During the year, the financial tsunami that swept through the world has been formidable. The management will not lose confidence and will not miss out on development opportunities that lie ahead. The management firmly believes that under the present global economic and oil price environment, they will do their part to ensure that the Group will continue to react to the challenging market conditions with flexibility.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the financial year ended 31 March 2009, the Group recorded a turnover of approximately HK$58,008,000 (2008: HK$400,060,000) and HK$1,218,631,000 (2008: HK$1,312,902,000) from trading of PU materials and trading of fuel oil respectively during the year, which was decreased by 85.50% and 7.18% respectively comparing to the previous year. Loss attributable to the Company was approximately HK$1,838,419,000 (2008: profit of approximately HK$1,929,369,000), the loss mainly contributed from the impairment loss recognised in respect of exploration and evaluation assets and intangible assets. Basic loss per share is HK32.28 cents (2008: earnings per share is HK49.64 cents).

Operation Review

During the year under review, the Group's loss was mainly due to the impairment loss recognised in respect of exploration and evaluation assets and intangible assets. For the year ended 31 March 2008, more than 90% of the Group's profit derived from 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 elsewhere during the year (2008: Nil).

Distribution of PU materials

During the year, revenue from the distribution of PU materials was approximately HK$58,008,000 (2008: HK$400,060,000), representing decrease of approximately 85.50% compared to previous year. The distribution of PU materials contributed approximately HK$605,000 (2008: HK$14,000,000) to the Group's profit from operating activities for the year, representing an decrease in 95.68% 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 fuel oil

During the year, revenue from the distribution of fuel oil was approximately HK$1,218,631,000 (2008: HK$1,312,902,000), representing decrease of approximately 7.18% compared to previous year.

The distribution of fuel oil contributed approximately HK$31,297,000 (2008: HK$36,611,000) to the Group's loss from operating activities for the year, representing an decrease in 14.51% compared to previous year. The market of fuel oil became increasingly competitive during the year.

Liquidity and Financial Resources

As at 31 March 2009, the Group did not have any outstanding borrowings (2008: Nil) and had cash and bank balances approximately HK$121,168,000 (2008: HK$228,457,000).

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 2009, the current ratio (current assets divided by current liabilities) was 0.88 times (2008: 2.26 times) and the gearing ratio was 0.01 times (2008: undefined due to the fact that the Group did not have any convertible note at 31 March 2008), calculated on the basis of convertible notes divided by shareholders' equity.

Subsequent Events

On 30 April 2009, the Company entered into an agency agreement with Pride Global Holdings Ltd ("Pride Global"). Pride Global is engaged to assist the Company in negotiating with the shareholders of PT Harpinda Kharismai ("PTHK") and PT Sumatera Persada Energi ("SPE") respectively in entering into the engagement to acquire 100% of the equity interest in PTHK and SPE within a month from 30 April 2009.

On 15 June 2009, Mr. Chan Ping Che, the holder of the convertible note has converted HK$100,000,000 of the principal of the convertible note, representing the whole principal amount of the convertible note, at conversion price of HK$1.25 per share, As a result of the conversion, a total of 80,000,000 ordinary shares have been allotted and duly issued and the aggregate outstanding principal of the convertible note has been reduced to HK$Nil.

CORPORATE GOVERNANCE

The Board is committed to achieve 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 provision set out in the Code on Corporate Governance Practices ("CG Code") in Appendix 14 of the Rules Governing the listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2009, 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.

Save as this mentioned above, in the opinion of the directors of the Company, the Company had met with the Code Provisions during the year ended 31 March 2009.

As such, the Company engaged an independent consultant to conduct a review of the Company's system of internal controls in order to assist the Company to design appropriate international control policies and procedures with a view to ensure compliance with the Listing Rules as well as the Principles and Code Provision. The independent consultant has completed its review and satisfied with the Company's system of internal control policies and procedures.

Code A.41 of CG Code

Code A.41 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 2009.

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 2009.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 March 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive directors, namely Mr. Edmund Siu, Dr. Yu Sun Say and Mr. Ng Wing Ka. Mr. Edmund Siu was the chairman of the audit committee. Given below are the main duties of the Audit Committee:

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

(b) Reviewing the systems of internal control;

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

(d) Reviewing the audited financial statements and the annual report of the Company for the year ended 31 March 2009.

There were 4 meetings during the year ended 31 March 2009. Dr. Yu Sun Say, Mr. Ng Wing Ka and Mr. Edmund Siu have attended all meetings during the year ended 31 March 2009.

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 for 2009 will be dispatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Sino Union Petroleum & Chemical International Limited
Dr. Hui Chi Ming, ***G.B.S., PhD, J.P.***
Chairman

Hong Kong, 28 July 2009

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. Cui Yeng Xu and Ms. Fibiolla Irianni Ohei; (2) Non-Executive Directors: Dr. Fok Chun Wan, Ian and Mr. Chow Charn Ki, Kenneth; and (3) Independent Non-Executive Directors: Dr. Yu Sun Say, Mr. Ng Wing Ka and Mr. Edmund Siu.