中聯能源投資集團有限公司
SINO UNION ENERGY INVESTMENT GROUP LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 346)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2010

The board (the "Board") of directors (the "Directors") of Sino Union Energy Investment Group Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2010 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2010

	Notes	**2010** **HK$'000**	2009 *HK$'000*
Turnover	*4*	**1,039,758**	1,276,639
Cost of sales		**(1,001,552)**	(1,228,109)
Gross profit		**38,206**	48,530
Other revenue	*4*	**530**	481
Other gains and losses	*6*	**(17,792)**	(1,834,110)
Selling and distribution costs		**(9,878)**	(11,693)
Administrative expenses		**(35,907)**	(36,754)
Equity-settled share-based payments		**(18,000)**	—
Loss from operating activities	*5*	**(42,841)**	(1,833,546)
Finance costs	*7*	**(1,954)**	(1,183)
Loss before taxation		**(44,795)**	(1,834,729)
Taxation	*8*	**(2,548)**	(4,066)
Loss for the year		**(47,343)**	(1,838,795)

	Notes	2010 HK$'000	2009 HK$'000
Other comprehensive income			
Exchange differences on translating foreign operations		**4,637**	5,850
Other comprehensive income for the year, net of tax		**4,637**	5,850
Total comprehensive expense for the year		**(42,706)**	(1,832,945)
Loss attributable to:			
Minority interests		**—**	(376)
Owners of the Company		**(47,343)**	(1,838,419)
		(47,343)	(1,838,795)
Total comprehensive expense attributable to:			
Minority interests		**54**	(376)
Owners of the Company		**(42,760)**	(1,832,569)
		(42,706)	(1,832,945)
Loss per share	*9*		
— Basic		**HK(0.78) cents**	HK(32.28) cents
— Diluted		**HK(0.78) cents**	HK(32.28) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**2,176**	2,177
Prepaid lease payments		**916**	936
Investment property		**9,360**	12,000
Intangible asset		**43,000**	58,000
Exploration and evaluation assets	*11*	**8,481,756**	8,481,756
		8,537,208	8,554,869
Current assets			
Trade receivables	*12*	**53,921**	92,584
Prepayments, deposits and other receivables		**16,162**	26,307
Amount due from a minority shareholder		**15,035**	—
Cash and bank balances		**119,668**	121,168
		204,786	240,059
Total assets		**8,741,994**	8,794,928
EQUITY			
Capital and reserves attributable to the Company's owners			
Share capital		**122,269**	120,449
Reserves		**8,470,085**	8,397,559
Equity attributable to owners of the Company		**8,592,354**	8,518,008
Minority interests		**15,035**	—
Total equity		**8,607,389**	8,518,008
LIABILITIES			
Current liabilities			
Trade and other payables	*13*	**74,036**	133,736
Tax payable		**30,779**	27,374
Amount due to a holding company		—	2,911
Amounts due to related companies		**15,700**	13,524
Amount due to a director		**12,324**	—
Convertible notes		—	96,287
		132,839	273,832
Non-current liability			
Deferred taxation		**1,766**	3,088
Total liabilities		**134,605**	276,920
Total equity and liabilities		**8,741,994**	8,794,928
Net current assets/(liabilities)		**71,947**	(33,773)
Total assets less current liabilities		**8,609,155**	8,521,096

Notes:

1. CORPORATE INFORMATION

The Company is incorporated in Bermuda on 5 January 2001 as an exempted company with limited liability under the Companies Act of Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The Company acts as an investment holding company while its subsidiaries are engaged in supply and procurement operation and oil, gas exploration, exploitation and operation.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The directors consider the ultimate holding company to be Golden Nova Holdings Limited ("Golden Nova"), a company incorporated in the British Virgin Islands.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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 Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning 1 April 2009. A summary of the new HKFRSs are set out as below:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see Note 3).

HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) has introduced a number of terminology changes, (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 enhance the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[6]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendments)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirements[6]
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

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

2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate

[3] Effective for annual periods beginning on or after 1 January 2010
[4] Effective for annual periods beginning on or after 1 February 2010
[5] Effective for annual periods beginning on or after 1 July 2010
[6] Effective for annual periods beginning on or after 1 January 2011
[7] Effective for annual periods beginning on or after 1 January 2013

HKAS 27 (Revised) *Consolidated and Separate Financial Statements* requires the effects of all transactions with minority interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (Revised) prospectively to transactions with minority interest from 1 April 2010.

HKFRS 3 (Revised) *Business Combinations* continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (Revised) prospectively to all business combinations from 1 April 2010.

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investment that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 will affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* effective from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risk and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. The application of HKFRS 8 has resulted in redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 as below.

Specifically, in prior years, segment information reported externally was analysed on the basis of the types of goods supplied provided by the Group. However, information reported to the Group's chief operating decision maker is more specifically focused on the category of the operation for each type of goods. The principal categories of operation for these goods are supply and procurement operation and oil, gas exploration, exploitation and operation. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

(a) the supply and procurement operation segment involves trading of oil related products and other mineral resources products; and

(b) the oil, gas exploration, exploitation and operation segment involves oil, gas exploration, exploitation and operation in Madagascar. During the years ended 31 March 2010 and 2009, this segment did not generate any revenue or profit to the Group.

Segments revenue and results

	Supply and procurement operation		**Oil, gas exploration, exploitation and operation**		**Consolidated**	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**1,039,758**	1,276,639	**—**	—	**1,039,758**	1,276,639
Segment results	**28,450**	36,233	**(24,069)**	(3,955,060)	**4,381**	(3,918,827)
Other revenue					**530**	481
Equity-settled share-based payments					**(18,000)**	—
Excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost					**—**	2,103,419
Gain on disposal of a subsidiary					**—**	16,255
Fair value changes on investment property					**(2,640)**	(285)
Impairment loss recognised in respect of goodwill					**—**	(2,364)
Impairment loss recognised in respect of other receivables					**—**	(2,234)
Unallocated expenses					**(27,112)**	(29,991)
Loss from operating activities					**(42,841)**	(1,833,546)
Finance costs					**(1,954)**	(1,183)
Loss before taxation					**(44,795)**	(1,834,729)
Taxation					**(2,548)**	(4,066)
Loss for the year					**(47,343)**	(1,838,795)

Revenue reported above represents generated from external customers. There were no inter-segment sales during the year (2009: Nil).

Segment profit/(loss) represents the profit earned by each segment without allocation of interest income and corporate expenses including directors' salaries, finance costs, equity-settled share-based payments and taxation. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Segments assets and liabilities

	Supply and procurement operation		Oil, gas exploration, exploitation and operation		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**168,914**	237,560	**8,528,008**	8,541,388	**8,696,922**	8,778,948
Unallocated assets					**45,072**	15,980
Total assets					**8,741,994**	8,794,928
Segment liabilities	**62,324**	85,776	**31,561**	60,070	**93,885**	145,846
Unallocated liabilities					**40,720**	131,074
Total liabilities					**134,605**	276,920

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than investment property, amount due from a minority shareholder and other financial assets.

- all liabilities are allocated to reportable segments other than amount due to a holding company, amounts due to related companies, amount due to a director, convertible notes, other financial liabilities and deferred taxation.

Other segment information

	Supply and procurement operation		Oil, gas exploration, exploitation and operation		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:						
Depreciation	**—**	—	**758**	255	**758**	255
Amortisation	**—**	—	**20**	19	**20**	19
Capital expenditure	**—**	—	**1,256**	1,635	**1,256**	1,635
Impairment loss recognised in respect of exploration and evaluation assets	**—**	—	**—**	3,757,059	**—**	3,757,059
Impairment loss recognised in respect of intangible asset	**—**	—	**15,000**	191,842	**15,000**	191,842
Impairment loss recognised in respect of other receivables	**—**	—	**152**	—	**152**	—

Revenue from major products and services

The Group's revenue from its major products and services were as follows:

	2010	2009
	HK$'000	*HK$'000*
PU materials	**—**	58,008
Fuel oil	**1,039,758**	1,218,631
	1,039,758	1,276,639

Geographical information

The Group operates in three principal geographical areas – the PRC, Hong Kong and Madagascar.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**1,039,758**	1,276,639	**22**	189
Hong Kong	**—**	—	**217**	253
Madagascar	**—**	—	**8,536,969**	8,554,427
	1,039,758	1,276,639	**8,537,208**	8,554,869

Information about major customer

Included in revenues arising from trading of fuel oil products of approximately HK$1,039,758,000 (2009: HK$1,218,631,000) are all revenues arose from the Group's largest customer which account for 10% or more of the Group's total revenue.

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:

	2010	2009
	HK$'000	*HK$'000*
Turnover		
Sale of fuel oil related products and other products	**1,039,758**	1,276,639
Other revenue		
Bank interest income	**311**	471
Others	**219**	10
	530	481

5. LOSS FROM OPERATING ACTIVITIES

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

	2010	2009
	HK$'000	*HK$'000*
Cost of inventories sold	**1,001,552**	1,228,109
Auditors' remuneration	**400**	400
Depreciation of property, plant and equipment	**905**	669
Amortisation of prepaid lease payments	**20**	19
Minimum lease payments under operating leases in respect of rented premises	**1,578**	1,710
Loss on disposal of property, plant and equipment	**410**	63
Staff costs (including Directors' remuneration)		
— Salaries and wages	**14,782**	13,153
— Mandatory provident fund contributions	**199**	166
— Equity-settled share-based payments	**18,000**	—
	32,981	13,319

6. OTHER GAINS AND LOSSES

	2010	2009
	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	—	2,103,419
Fair value changes on investment property	**(2,640)**	(285)
Impairment loss recognised in respect of intangible asset	**(15,000)**	(191,842)
Impairment loss recognised in respect of exploration and evaluation assets	—	(3,757,059)
Impairment loss recognised in respect of goodwill	—	(2,364)
Impairment loss recognised in respect of other receivables	**(152)**	(2,234)
	(17,792)	(1,834,110)

7. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Effective interest on convertible notes wholly repayable within five years	**1,954**	1,183

8. TAXATION

No provision for Hong Kong profits tax has been made as the Group did not have assessable profits for the year (2009: 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.

	2010	2009
	HK$'000	*HK$'000*
Current taxation		
Charge for the year — Overseas	**3,405**	4,331
Deferred taxation		
Convertible notes	**(148)**	(90)
Revaluation of investment property	**(709)**	(175)
	(857)	(265)
Total tax charged for the year	**2,548**	4,066

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2010	2009
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company for the purpose of basic loss per share	**(47,343)**	(1,838,419)

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the year ended 31 March 2010 was approximately 6,094,855,000 (2009: 5,696,037,000).

Diluted loss per share for the years ended 31 March 2010 and 2009 was the same as the basic loss per share. The Company's convertible notes and share options were not included in the calculation of diluted loss per share because the effect of the Company's convertible notes and share options were anti-dilutive.

The denominators used are the same as those detailed above for both basic and diluted loss per share for the years ended 31 March 2010 and 2009.

10. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 March 2010 (2009: Nil).

11. EXPLORATION AND EVALUATION ASSETS

	Exploration rights *HK$'000* *(Note i)*	Evaluation costs *HK$'000* *(Note ii)*	Total *HK$'000*
Cost			
At 1 April 2008	5,507,575	107,551	5,615,126
Acquisition of a subsidiary	6,589,484	12,105	6,601,589
Additions	—	22,100	22,100
At 31 March 2009, 1 April 2009 and 31 March 2010	12,097,059	141,756	12,238,815
Impairment			
At 1 April 2008	—	—	—
Impairment loss recognised	3,757,059	—	3,757,059
At 31 March 2009, 1 April 2009 and 31 March 2010	3,757,059	—	3,757,059
Carrying amount			
At 31 March 2010	**8,340,000**	**141,756**	**8,481,756**
At 31 March 2009	8,340,000	141,756	8,481,756

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 represent 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. The Group entered into an investment and cooperation agreement with Shaanxi Yanchang Petroleum (Group) Limited ("Yanchang Petroleum") and ECO Energy (International) Investments Limited ("ECO") on exploration, exploitation and operation in Oilfield 3113. Pursuant to the investment and cooperation agreement, the capital investment of Oilfield Block 3113 shall be contributed by Yanchang Petroleum, the Group and ECO in the proportion of 40%, 31% and 29% respectively.

iv. Valuations of the relevant exploration rights were carried out at the end of the reporting period by BMI Appraisals Limited, independent qualified professional valuer 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.

v. The Group has adopted HKFRS 6 *Exploration for and Evaluation of Mineral Resources* and HKAS 36 *Impairment of Assets* which require the Group to assess any impairment at each reporting date. The directors of the Company are of the opinion that no further impairment of exploration and evaluation assets was required as at 31 March 2010.

The Group is required to assess at each reporting date any indicator that a previously recognised impairment loss no longer exists or has decreased. If there is such an indication, management should estimate the recoverable amount and determine whether any impairment reversal is appropriate. The recoverable amount of exploration and evaluation assets are referenced to the fair value assessed by BMI Appraisals Limited as at 31 March 2010 and 2009.

The current increase in oil price during the year ended 31 March 2010 is considered to be short-term and such fluctuation in oil price is a normal feature of oil commodity market. The directors are of the opinion that the current short-term price movements do not result in an impairment reversal for the long-life exploration rights.

Due to the significant drop in the current market oil price for the year ended 31 March 2009, 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 that has been recognised in the consolidated statement of comprehensive income. 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.

12. TRADE RECEIVABLES

Trade receivables, which generally have credit terms of 30 days (2009: 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.

An aged analysis of trade receivables as at the end of the reporting period, based on the invoice date is as follows:

	2010	2009
	HK$'000	*HK$'000*
0 to 30 days	**53,921**	92,584

Based on past experience, the directors of the Company believe that no impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. There is no trade debtors which are past due at the end of the reporting ported but not impaired.

13. TRADE AND OTHER PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Trade payables	**36,989**	63,188
Other payables	**37,047**	70,548
	74,036	133,736

An aged analysis of the trade payables at the end of the reporting period, based on invoice date, is as follows:

	2010	2009
	HK$'000	*HK$'000*
0 to 30 days	**36,989**	63,188

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Dividend

The Board does not recommend the payment of any final dividend for the year ended 31 March 2010 (2009: Nil).

Financial Results

The Group recorded a turnover of approximately HK$1,039,758,000 (2009: HK$1,276,639,000) for the year ended 31 March 2010. Turnover had decreased by 18.6% as compared to previous year. The reason for such decrease is mainly due to the decrease in the trading volume of the fuel oil and the suspension of the trading business of the polyurethane materials ("PU materials"). Loss attributable to shareholders was approximately HK$47,343,000 (2009: HK$1,838,419,000). Basic loss per share is HK0.78 cents (2009: HK32.28 cents). The decrease in loss is owing to the impairment loss made on the asset value of the oil field reserve in Madagascar in previous year, where no further impairment of exploration and evaluation assets is required to be made in this year.

Business Review and Outlook

During the year under review, all the turnover was contributed by the trading of fuel oil which recorded HK$1,039,758,000 (2009: HK$1,218,631,000), representing a decrease of approximately 14.7% as compared to last financial year.

The distribution of fuel oil recorded a profit of approximately HK$25,045,000 (2009: HK$31,297,000) from operating activities for the year, representing a decrease of 20% as compared to previous year. The fuel oil market is highly competitive. The trading of PU material had no turnover for the year (2009: HK$58,008,000). Given the imbalance in the supply of the PU materials, with fierce competition, the margin is further driven down, where the Group's trading business of the PU materials had been suspended for awhile and shall the situation not be improved, the Group may consider to completely cease or dispose of the trading business of the PU materials.

During the year, the Group's loss of approximately HK$47,343,000 was mainly due to the impairment loss recognised in respect of intangible asset and the recognition of financial costs as equity-settled share-based payment in respect of share options issued during the year.

The Group holds two oilfield blocks in Madagascar, namely Oilfield Block 2104 and Oilfield Block 3113. Oilfield Block 2104 is an onshore oilfield site with total area of 20,100 kilometers square in Madagascar. Five wells with depth in the range of 67.5 meters to 2,153 meters were drilled in Oilfield Block 2104, and oil and gas were discovered in three wells with depth in the ranges of 450 to 2,153 meters. Oilfield Block 3113 is an onshore oilfield site with total area of 8,320 kilometers square in Madagascar. The Group entered into an investment and cooperation agreement with Shannxi Yanchang Petroleum (Group) Limited and ECO Energy (International) Investments Limited to jointly invest and develop the Oilfield Block 3113, and to share the oil and gas therein, hence a management committee was formed for such purpose by the parties (the “3113 Management Committee”). Preliminary ground construction had been done to create suitable conditions for well drilling and oil exploration, and Yunnan Kaiyuan Petroleum and Natural Gas Exploration Engineering Company Ltd (“Kaiyuan Petroleum”) was commissioned for the well drilling project SKL-2 (“SKL-2 Well”) in the Oilfield Block 3113. The well logging, mud logging, pipeline casing installation and well cementing works in SKL-2 well were completed and based on various technical parameters such as well logging analysis results and cyclic aftereffect, Kaiyuan Petroleum estimated that the SKL-2 well had many oil and gas reservoirs at the depth of 3,309 to 3,610 meters and the oil therein was in the desirable category of light oil. Having studied the drilling data of SKL-2 well, three more well drilling projects for the exploration of the Oilfield Block 3113 had been contracted and will be commenced soon.

On 16 July 2009, the Group entered into a sale and purchase agreement for the acquisition of 90% interests in PT Harpindo Mitra Kharisma at a total consideration of US$4 million. PTHMK is in possession of the entire interest in a production sharing contract in respect of an oilfield block namely Lampung III Block located in South Sumatra, Indonesia, with the exploration, exploitation and operating rights signed with a state-owned entity of the Indonesian government. Given the result of the due diligence on the acquisition was not satisfied, the Group had terminated the acquisition.

On 7 September 2009, the Group entered into an agreement with Mr. Jing Zhanbin (“Mr. Jing”) who carries on coal mining business in China to establish a sino-foreign equity joint venture (“Joint Venture”) to operate the coal trading and transportation business in China (“JV Agreement”). The Joint Venture had been established, given Mr. Jing required more time in the preparation of the trading business in particular the coordination of transportation, operation of the Joint Venture is lag behind the schedule. Mr. Jing had guaranteed on the performance of the Joint Venture in terms of turnover and profit, and we see the Joint Venture as a long term cooperation, hence we would discuss and work with Mr. Jing to accelerate the process to put it into full operation as soon as possible.

We believe the worst is past. We see the demand of oil is stably increasing with financial crisis eases and global economy shows recovery, where the global crude oil price rose from its lows to recent US$80 a barrel and is forecasted to goes up to US$90 a barrel by the end of 2010. The stable increase in oil demand and price will benefit the Group’s oil trading business as well as the assets value of the Group’s oilfield blocks. The management is confident and optimistic in the oilfield blocks in Madagascar and will continue to develop the oilfield blocks in the coming years, while we will continue seek for other suitable energy related investment opportunities for business expansion and growth of the Group.

Employees and Remuneration Policy

As at 31 March 2010, the Group’s total number of staff was 52 (2009: 48). Salaries of employees are maintained at a competitive level. The staff costs (excluding the equity-settled share-based payments) for the year amounted to approximately HK$15.0 million (2009: HK$13.3 million). The employees’ remuneration, promotion and salary are assessed based on work performance and the prevailing market conditions.

Liquidity and Financial Resources

The Group funded its operation by cash generated from its operating activities and through equity financing and debit financing, including issuance of new shares and issuance of convertible notes. As at 31 March 2010, the Group had total assets of approximately HK$8,741,994,000 (2009: HK$8,794,928,000) and current assets of approximately HK$204,786,000 (2009: HK$240,059,000). Total liabilities of the Group were approximately HK$134,605,000 (2009: HK$276,920,000), and current liabilities were approximately HK$132,839,000 (2009: HK$273,832,000), which mainly represents the trade and other payables of approximately HK$74,036,000 (2009: HK$133,736,000). The Group did not have any outstanding bank borrowings (2009: Nil) and the Group has a cash and bank balances of approximately HK$119,668,000 (2009: HK$121,168,000). The Group has adequate working capital to finance its business operation. As at 31 March 2010, the Group's gearing ratio, measured on the basis of total liabilities as a percentage of total equity, was 1.6% (2009: 3.3%), the current ratio of the Group was 1.5 (2009: 0.88) and quick ratio was 1.3 (2009: 0.78).

During the year, the 5% interest-bearing convertible notes in the principal amount of HK$100 million with a conversion price of HK$1.25 per conversion share issued to Mr. Chan Ping Che on 13 February 2009 had been fully converted on 15 June 2009, and 80,000,000 new shares of the Company were issued by the conversion. Moreover, 11,000,000 new shares of the Company were issued at an issue price of HK$0.1324 per share as a result of the exercise of share options granted on 8 November 2004.

Pursuant to the JV Agreement, the Group granted share options to Mr. Jing to subscribe for 300 million new shares at HK$0.9 per option share on 11 November 2009 ("Jing Option") under the general mandate to issue new shares granted on 25 September 2008. The Jing Option is exercisable at any time from the date of grant of the Jing Option to the day immediately preceding the first anniversary of the date of grant.

Capital Commitment

Pursuant to the JV Agreement, Zheng Zhou Sino Union Energy Business Development Limited ("Zheng Zhou Sino Union") was incorporated and registered as a sino-foreign equity joint venture in the PRC on 16 September 2009. Zheng Zhou Sino Union is engaged in the coal trading and transportation business, the registered capital of which is RMB66,000,000. The registered capital shared by the Group and the minority shareholder are of RMB52,800,000 and RMB13,200,000 respectively. As at 31 March 2010, the Group had injected RMB17,550,000. Other than the registered capital of Zheng Zhou Sino Union, the Group has no other material capital commitment.

CORPORATE GOVERNANCE PRACTICE

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 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2010, except for the following:

1. code provision A.2.1 of the CG Code provides that the roles and responsibilities of chairman and chief executive officer should be divided. The Company has not appointed a chief executive officer and the roles and functions of the chief executive officer have been performed by the Board collectively; and

2. code provision A.4.1 of the CG Code provides that the non-executive directors should be appointed for a specific term. The non-executive Directors of the Company are not appointed for a specific term but they are subject to retirement by rotation at least once every three years in accordance with the Bye-Laws.

Save as mentioned above, in the opinion of the Directors, the Company had met with the CG Code during the year ended 31 March 2010.

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 confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 March 2010.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 March 2010, 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. Leung Ting Yuk (Chairman), Dr. Yu Sun Say and Mr. Ng Wing Ka. The Audit Committee has reviewed the annual results of the Group for the year ended 31 March 2010.

RETIREMENT OF DIRECTORS

The Board announces that:—

1. Mr. Wang Sen Hao ("Mr. Wang"), an executive Director, and Dr. Yu Sun Say ("Dr. Yu"), an independent non-executive Director, will retire from office as Directors by rotation pursuant to Bye-law 87 of the Company's Bye-laws; and

2. Mr. Bian Qijun ("Mr. Bian"), an executive Director, who was appointed to the Board after the annual general meeting of the Company held on 31 August 2009, will retire from office as Director pursuant to Bye-law 86(2) of the Company's Bye-laws.

Mr. Wang, Dr. Yu and Mr. Bian confirmed to the Company that they will not offer themselves for re-election at the forthcoming Annual General Meeting of the Company to be held on 3 September 2010 due to pursuance of their own business.

Each of Mr. Wang, Dr. Yu and Mr. Bian also confirmed that he has no disagreement with the Board and there is no other matter relating to his retirement that needs to be brought to the attention of the shareholders of the Company.

By Order of the Board
Sino Union Energy Investment Group Limited
Chui Say Hoe
Executive Director

Hong Kong, 27 July 2010

Executive Directors:
Dr. Wang Tao
Mr. Wang Sen Hao
Dr. Hui Chi Ming
Mr. Cheung Shing
Mr. Shen Hao
Mr. Feng Da Wei
Mr. Bian Qijun
Dr. Chui Say Hoe
Dr. Ching Men Ky, Carl
Mr. Cui Yeng Xu
Ms. Fibiolla Irianni Ohei

Independent Non-Executive Directors:
Mr. Leung Ting Yuk
Dr. Yu Sun Say
Mr. Ng Wing Ka