STRONG PETROCHEMICAL HOLDINGS LIMITED
海 峽 石 油 化 工 控 股 有 限 公 司*

(incorporated in the Cayman Islands with limited liability)
Stock code : 852

2008/09
ANNUAL REPORT

* *For identification purposes only*

Contents

Corporate Profile

Strong Petrochemical Holdings Limited ("Strong Petrochemical" or the "Company" and its subsidiaries, the "Group") is principally engaged in the trading of crude oil, petroleum products and petrochemical products. The Group procures trading products from Oil Majors and other international oil trading companies, and mainly sold crude oil and petroleum products to the Five State-owned Licensed Import Agents in China.

The Group positions itself as a niche player focusing on oil products with market potential in the PRC and non-mainstreams crude oil product. The Group has started to invest and develop storage business for oil products since 2007, through its investment in the Nantong Project and the Tianjin Project. The Group has also acquired an oil tanker in 29 June 2009. The oil tanker was intended to use as a floating storage facility for self storage mainly, the remaining storage will be leasing out to external customers at market rate in order to cover its operating cost.

Strong Petrochemical was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 12 January 2009 with stock code 852.

Corporation Information

BOARD OF DIRECTORS

Executive Directors

Mr. WANG Jian Sheng
Mr. YAO Guoliang
Mr. WONG Wing

Independent Non-executive Directors

Mr. ZHU Yao Bin
Mr. LAU Hon Kee
Ms. LIN Yan

BOARD COMMITTEES

Audit Committee

Mr. LAU Hon Kee *(Committee Chairperson)*
Mr. ZHU Yao Bin
Ms. LIN Yan

Remuneration Committee

Ms. LIN Yan *(Committee Chairperson)*
Mr. LAU Hon Kee
Mr. WANG Jian Sheng

COMPANY SECRETARY

Mr. PANG Man Chun Manson, CPA

AUTHORISED REPRESENTATIVES

Mr. WONG Wing
Mr. PANG Man Chun Manson

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 1604, 16th Floor,
Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISOR

Sidley Austin
Level 39, Two International Finance Centre
8 Finance Street
Central
Hong Kong

COMPLIANCE ADVISOR

China Everbright Capital Limited
40th Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

Corporation Information

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
Grand Cayman
KY1-007
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

The Bank of Tokyo-Mitsubishi UFJ Ltd.
Singapore Branch
9 Raffles Place #01-01 Republic Plaza
Singapore 048619

China Construction Bank (Macau) Corporation Ltd.
Nos. 70-76 Avenida de Almeida Ribeiro
Macao

Société Genérale
Singapore Branch
80 Robinson Road, #25-00
Singapore 068898

Standard Chartered Bank (Hong Kong) Limited
32nd Floor, Standard Chartered Bank Building
4-4A Des Voeux Road
Central
Hong Kong

Rabobank International
Singapore Branch
77 Robinson Road, #09-00
Singapore 068896

WEBSITE

www.strongpetrochem.com

STOCK CODE

852

Dear shareholders,

It is my pleasure to present the annual results of Strong Petrochemical Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2009 to the shareholders on behalf of the board (the "Board") of directors (the "Directors").

The past year is extraordinary and a great advancement for the Group. Despite the unfavorable conditions caused by the financial tsunami and the uncertainties in the global economy, the shares of the Company were successfully listed on the main board of the Hong Kong Stock Exchange on 12 January 2009. The revenue of the Group for the financial year ended 31 March 2009 had reached a record high of approximately HK$5,992.2 million, representing an increase of approximately HK$1,781.0 million over the previous financial year.

In 2008, global oil and petrochemicals markets were unprecedently volatile, which posed challenges to the oil trading business of the Group. Facing severe market conditions, the Group closely monitored market changes, took decisive and effective internal control measures, strived to minimise operating risks, and thereby achieved favorable and encouraging results. The profit attributable to equity shareholders of the Group for the financial year ended 31 March 2009 was approximately HK$329.5 million representing an increase of approximately HK$236.8 illion over the previous financial year. The basic earnings per share for the year ended 31 March 2009 was approximately HK$1.02, up approximately 229.0% from HK$0.31 during the year ended 31 March 2008. Such results are most encouraging to the Group.

The significant improvement in profit was through the adoption of flexible and efficient trading means and strategies, hence achieved an increase of approximately 58.9% in the revenue from the trading business. Among the product categories, the Group had further expanded the product types of its trading products, and improved its economic efficiency. Crude oil remained the Group's top trading product. The revenue from crude oil trading has increased to approximately HK$5,197.9 million for the financial year ended 31 March 2009, from HK$3,327.1 million for the previous financial year.

A positive fair value change on derivative financial instruments had also contributed to the Group's profit. A qualified risk advisory consulting firm has been engaged to conduct quarterly, independent reviews on risk management in respect of hedging policies and procedures executed by the Group in order to maximize the enhanced risk-adjusted return.

FUTURE PROSPECTS

Looking forward in the financial year ending 31 March 2010, facing the global recession arising from the financial tsunami, it is expected that the estimated Gross National Product of the PRC in 2009 will still outperform countries from other major economies by posting an annual growth up to 8%. In order to stimulate its national economy, the central government spares effort to bring forth the RMB4 trillion stimulus package to stabilize the economy, expands infrastructural development and boosts employment and domestic demand. As the plan will spur growth in the consumption of oil products, the Group considers that its market demand and prices are set to sustain a stable momentum, leveraging on the overall growing demand from oil products and economic recovery in the PRC.

To take advantage of the above trends, the Group will continue to strengthen its sales and market intelligence capabilities by (i) closely monitoring the oil and petroleum markets' development; (ii) obtaining an in-depth understanding of existing and potential customer needs, behavior and trends; and (iii) strengthening its existing relationships with key customers and broadening its customer base by seeking new customers, in particular, overseas customers and non-state-owned import agents in the PRC.

Lastly, on behalf of all members of the Board, I would like to express my heartfelt gratitude to all shareholders, the Board members, management team and staff of the Group for their support and contributions to the Group throughout the years.

Wang Jian Sheng
Chairman
Hong Kong 10 July 2009

The Group is principally engaged in the trading of oil products. Over 86.7% of the Group's revenue is generated from trading of crude oil for the year 2008/09 (79.0% for the year 2007/08). The remaining revenue is generated from trading of petroleum products and petrochemical products. The Group is also extending its business operation to petroleum and petrochemical product storage operation.

BUSINESS REVIEW

Demand in PRC

In the 2nd and 3rd quarter of 2008, the crude oil price reached the record high of US$141 per barrel, then fell sharply by US$100 and later settled around US$40 per barrel since the 4th quarter of 2008. The sudden drop in oil price led to a surge in demand over the PRC market. The Group's revenue was driven up by such demand surge. The revenue of the Group was approximately HK$5,992.2 million. It has increased by approximately HK$1,781.0 million when comparing with HK$4,211.2 million for the year 2007/08.

Bank Facilities

The global credit crunch resulted from the financial tsunami since September 2008 had caused corporations around the world difficulties in securing their credit facilities. However, the Group was left intact and not adversely affected by such credit-tightening measures. The total credit facilities granted has increased by approximately HK$835 million from HK$1,716 million as at 31 March 2008 to HK$2,551 million as at 10 July 2009. The increase of credit facilities of the Group not only elevated the trading capability of the Group, it also represents confidence from the financial institutions to the Group, and henceforth the soundness of the Group's financial position.

Acquisition of Vessel

Subsequent to 31 March 2009, pursuant to a vessel purchase agreement dated 20 April 2009, the Group completed the acquisition of an oil tanker from an independent third party on 29 June 2009. The vessel is a single hulled oil tanker built on 1988 with a gross tonnage of approximately 142,639 metric tons and deadweight of 265,243 metrics tons. Currently, the Group intends to use approximately 2/3 of the oil tanker's capacity as a floating storage facility for self storage of oil products. The remaining capacity will be leased out to external customers. The Group can save storage expenses for self storage, broaden the revenue base and strengthen customers' relationships by providing value added services.

FINANCIAL REVIEW

Revenue

		Year ended 31 March					
		2009			2008		
Products	Units	**Number of shipment**	**Sales quantity**	**Turnover HK$ million**	Number of shipment	Sale quantity	Turnover HK$ million
Crude oil	BBL	**21**	**8,174,456**	**5,197.9**	13	5,557,849	3,327.1
Petroleum products	BBL	**4**	**578,788**	**661.9**	9	1,400,419	776.4
Petrochemical product	MT	**7**	**22,908**	**132.4**	4	14,897	107.7
Total		**32**		**5,992.2**	26		4,211.2

The revenue from trading of crude oil for the year 2008/09 had reached a record high of approximately HK$5,197.9 million which was 56.2% more than previous year. The increase was mainly due to the surge in demand for crude oil from the Group's customers in PRC. The quantity of crude oil sold amounted to 8.2 million BBL which was 2.6 million BBL more than previous year.

The revenue from trading of petroleum products for the year 2008/09 was approximately HK$661.9 million which was decreased by 14.7% when comparing with previous year. The decline was attributable to the decrease of demand of petroleum products from the Group's customers in PRC. As the petroleum products market is quite competitive, the profit margin of petroleum product trading is relatively low. Hence the management decided to focus on crude oil trading instead of petroleum products trading.

The revenue from trading of petrochemical product for the year 2008/09 was HK$132.4 million. It has been increased by 22.9% when comparing with previous year. With continuous effort in developing the petrochemical market, the Group has expanded its customer base and revenue sources to Asia region as well.

Cost of Sales

The cost of sales of the Group for the year 2008/09 was approximately HK$5,820.2 million, representing a 41.9% increase (approximately HK$1,717.2 million) when compared to HK$4,103.0 million in the year 2007/08. Its increase was in line with the increase in revenue.

Gross Profit

Gross profit increased from HK$108.2 million for the year 2007/08 to HK$171.9 million for the year 2008/09 which was approximately 58.9%.

Other Income

Other income for the year 2008/09 was approximately HK$ 4.3 million, which was decreased by HK$14.7 million when comparing with HK$19.0 million in the year 2007/08. Such decrease was mainly attributable to the decrease in bank interest income, insurance claims received and demurrage charges received.

Fair Value Changes on Derivative Financial Instruments

The Group has engaged in trading in derivative financial instrument. The sole purpose of hedging activities is to minimize the price risk exposure of each trade and reduce the fluctuation in the operating results.

The aggregate gain from trading in derivative financial instruments was approximately HK$207.5 million for the year 2008/09.

Fair value changes on derivative financial instruments represent the follows:

(i) The recognition of realized/unrealized gain/(loss) for the year arising from the financial instruments held on hand as at each balance sheet date; and

(ii) The recognition of realized gain/(loss) for the year arising from the trading of derivative financial instruments for hedged shipments; and

(iii) The recognition of realized gain/(loss) from trading of derivative financial instrument for unsuccessful shipments with derivative contracts.

The following table sets forth the breakdown of fair value changes on derivative financial instruments:

	Year ended 31 March			
	2009		2008	
	HK$'000	**No. of shipment**	HK$'000	No. of shipment
Realised/unrealized loss arising from derivative financial instruments held on hand as a balance sheet date	**(24,107)**	**5**	—	—
Gain/(loss) from trading in derivative financial instruments for hedged shipment	**234,468**	**24**	(6,655)	16
(Loss)/gain from trading in derivative financial instruments for unsuccessful shipment with derivative contracts	**(2,896)**	**5**	2,988	2
Total	**207,465**		(3,667)	

Fair Value Changes on Held for Trading Investments

The fair value changes on held for trading investments was approximately HK$3.9 million for the year 2008/09. It represented the change in market value of the listed securities which was held by Strong Property Limited, a subsidiary which was disposed entirely by the Group during the corporate reorganisation process on 28 November 2008.

Administrative and Other Expenses

Administrative and other expenses for the year 2008/09 was approximately HK$42.5 million, representing an increase of 74.2% when comparing with HK$24.4 million in the year 2007/08. Operating lease rentals and the listing expenses are the major contribution for the increase in administrative and other expenses.

Finance Costs

Finance costs for the year 2008/09 was approximately HK$3.9 million, which was increased by 30.0% from HK$3.0 million in the year 2007/08. The increase in finance costs was in line with the growth in revenue.

Share of Loss of an Associate

Share of loss of an associate for the year 2008/09 was approximately HK$0.2 million, representing a 15% loss incurred by the Group's associate - Sinochem Tianjian Port Petrochemical Terminal Co., Ltd.

Taxation

Taxation for the year 2008/09 was approximately HK$3.7 million, representing an increase of approximately HK$2.9 million when comparing with HK$0.8 million in the year 2007/08. The increase in taxation was mainly attributable to the increase in assessable profits generated from the Group's Hong Kong subsidiary – Strong Petrochemical Limited.

Profit for The Year

Profit for the year 2008/09 was approximately HK$329.5 million, representing an increase of HK$236.8 million when comparing with HK$92.7 million in the year 2007/08.

Utilization of IPO Proceeds

The net proceeds from the Share Offer after deducting the relevant listing expenses were approximately HK$218.3 million. Up to 10 July 2009, the net proceeds were utilised in the following manner:

	Use of proceeds per Prospectus	**Total utilised amount up to 10 July 2009**	
	HK$ million	HK$ million	%
Construction of Nantong project	106.2	—	—
Pledged bank deposits	46.8	46.8	100
Investment in Tianjian project	43.5	—	—
Working capital	21.8	21.8	100
Total	218.3	68.6	31

On 14 January 2009, the Group had fully paid the registered capital of US$5 million of Strong Petrochemical (Nantong) Logistics Co., Ltd. Up to now in Nantong project, the Group incurred total capital expenditure of approximately RMB26.2 million, where works in respect of piling, tank base setting and construction of the public-highway-transversing pipeline were completed. The application for petroleum products storage operation licence will be submitted upon the completion of the entire Nantong project. In order to maintain its competitive edge in the current environment, the management is closely monitoring the market trend and to build and develop storage facilities that meet the current market needs. The management intends to provide comprehensive storage service to its potential customers and to ensure the project's future cash inflow. The schedule of Nantong project is being reviewed and reassessed by the management.

The pledged bank deposits of approximately HK$46.8 million has been injected to the Group's bank account in order to facilitate additional letter of credit issuance.

The first phase construction of Tianjin project had commenced, where works on land piling and tank base setting were completed and approximately one-third of backfilling was done. Since the date of the Prospectus, the Group had not further injected capital to Sinochem Tianjin Port Petrochemical Terminal Co., Ltd. as it has sufficient capital for the first phase construction. The Group's total investment in the Tianjin project up to 10 July 2009 was RMB45.0 million.

Working Capital of approximately HK$21.8 million has been injected to the Group's bank accounts and is available for use. As the intention of the management to establish a representative office in PRC is still firm, the setup cost of a representative office will be funded from the working capital. However the management is reconsidering the location of the representative office.

Liquidity and Financial Resource

The banking facilities as at 31 March 2009 amounted to US$247 million (equivalent to HK$1,927 million), which was increased by US$27 million when comparing with US$220 million (equivalent to HK$1,716 million) as at 31 March 2008. Save for the Group's bills payable of approximately HK$90 million, the Group had no other bank overdraft and bank borrowing as at 31 March 2009. The major source of funding for the Group was cash flow generated from operation. Net cash inflow from operating activities for the year ended 31 March 2009 was approximately HK$247.3 million, which was increased by HK$242.3 million. Net cash used in investing activities was approximately HK$55.6 million and was used as pledged bank deposit and deposits placed with brokers. The main financing activities were payment of dividend of HK$279.5 million and the receipt of proceeds from IPO of HK$250.0 million.

Dividends

An interim dividend of US$29 million (equivalent to approximately HK$226.2 million) was declared by Santron Holdings Limited, the then holding company of the Group to the shareholders during the year 2008/09.

No final dividend will be paid or proposed for the year 2008/09.

Charges of Assets and Contingent Liabilities

As at 31 March 2009, the Group's banking facilities were secured by pledged deposits of approximately HK$41.5 million and properties owned by us. As at 31 March 2009, the Group had no significant contingent liabilities.

Assets and Liabilities

Total assets of the Group as at 31 March 2009 were approximately HK$912.9 million, representing an increase of HK$601.0 million when comparing with HK$311.9 million in the year 2007/08. Total liabilities as at 31 March 2009 were approximately HK$338.8 million which was increased by HK$261.5 million when comparing with HK$77.3 million in the year 2007/08. Total equity of the Group increased by 144.7% to HK$574.1 million which was attributable to the net profit for the year as well as the net proceeds from IPO.

Foreign Exchange Exposure

The functional currencies of the Group are denominated in US dollars. The reporting currencies are denominated in Hong Kong Dollars. Since the exchange rate of US dollars against Hong Kong dollars is relatively stable during the year, the exposure on foreign exchange is minimal.

Capital Commitments

The Group had authorized but not contracted for the capital expenditure of approximately RMB94.3 million in respect of the construction of the petroleum and petrochemical products storage facilities on the two leasehold land parcel acquired in Nantong, Jiangsu Province, the PRC.

Pursuant to minutes of the board of directors of Sinochem Tianjin Port Petrochemical Terminal Co., Ltd. dated 28 February 2008, the shareholders of the Group's associate agreed to increase the total registered share capital of the Group's associate from RMB300 million to RMB628 million. Accordingly, the Group is required to pay an additional contribution of approximately RMB49.2 million on pro rata basis by June 2009 or other time approved by the relevant government authorities. Up to 10 July 2009, the additional contribution of RMB49.2 million has yet been paid.

Post Balance Sheet Event – Major Acquisition

Subsequent to the year ended 31 March 2009, on 20 April 2009, Perlama Corporation, an indirectly wholly-owned subsidiary of the Company, entered into a legally binding vessel purchase agreement with an independent third party for the acquisition of an oil tanker for a consideration of US$24 million (approximately HK$187.2 million). The acquisition was completed on 29 June 2009.

EXECUTIVE DIRECTORS

Mr. WANG Jian Sheng（王健生先生）, aged 55, is the Chairman and an executive Director. In October 2000, Mr. Wang invested in our Group and acted as a substantial shareholder. At the same time he joined our Group as the supervisor. He graduated from Henan University of Science and Technology（河南科技大學）, formerly known as Luoyang Industrial College（洛陽工學院）in the PRC and was awarded in 1978 a bachelor´s degree in metallic materials and heat process. Mr. Wang was deputy manager of the Focus Project Department from 1985 to 1987 and senior project manager in the General Planning Department of Beijing Everbright Industries Company Limited（北京光大實業公司）. Between 1988 and 2000, Mr. Wang was involved in the trading business and property investment business. He oversaw our operations and was generally responsible for the following matters: collectively with Mr. Yao, he approved and counter signed payments and banking documents; collectively with Mr. Yao, he decided on the major decisions of our Group; meeting with and listening to reports from senior management of our Group and implementation of strategies; explored investment projects and other sourcing and introducing to our Group; soliciting new business opportunities and business development for our Group; and designed, developed and implemented overall strategic plans for the Group. As he is responsible for formulating our major corporate and business strategies at the high level, he is not involved in our Group's day-to-day operations. On 1 February 2008, Mr. Wang was appointed as an executive Director.

Mr. Wang is currently a controlling shareholder of China National Resources Development Holdings Limited（中國資源開發集團有限公司）(Stock Code: 661) ("CNRD"), and an independent non-executive director of K.P.I. Company Limited（港佳控股有限公司）(Stock Code: 605). The shares of both companies are listed on the Main Board. China National Resources Development Holdings Limited is an investment holding company, which is engaged in trading and investing in securities in the PRC and Hong Kong. It is also involved in the property investment business, as well as providing management consultancy services and natural resources investment and development in the PRC, mainly in molybdenum/wolfram and silver/copper minings and related businesses. K.P.I. Company Limited is actively engaged in the investment in China´s retail market. As an independent non-executive director, he is not involved in the day-to-day management of K.P.I. Company Limited.

Mr. YAO Guoliang（姚國梁先生）, aged 43, the chief executive officer and an executive Director. In November 1999, Mr. Yao founded our Group, and has been a director and a trader of our Group since then. He graduated from University of International Business and Economics（對外經濟貿易大學）in the PRC and was awarded in 1988 with a bachelor´s degree in economics. Prior to setting up our Group, he worked in the crude oil division of Sinochem International Oil Company（中化國際石油公司）as a crude oil trader from August 1988 to December 1993. During the period from 1994 to 1997, he was a director of UNIPEC Asia Company Limited（聯合石化亞洲有限公司）and was responsible for general management and oil trading. He has more than 20 years of experience in handling crude oil trading and associated hedging activities. Leveraging on his extensive experience in the oil industry, Mr. Yao is responsible for formulating our corporate and business strategies, business development and management, trade solicitation as well as hedging implementation. On 1 February 2008, Mr. Yao was appointed as an executive Director.

Mr. WONG Wing（黃榮先生）, aged 41, an executive Director, is responsible for the finance and risk management of our Company. He graduated from Indiana University (Bloomington), the United States of America, with a Bachelor of Science in Business degree in 1991. In 1995 and 2002, he became a member of the American Institute of Certified Public Accountants and a member of the Association of Financial Professionals respectively. He has over 17 years of experience in handling finance and auditing work. He was an accountant and later promoted to the position of senior accountant at KPMG Peat Marwick from August 1991 to May 1994. After he left KPMG Peat Marwick, he joined Standard Chartered Bank Hong Kong as a senior auditor in the Group Audit Department from November 1994 to November 1996. In November 1996, he joined Goldman Sachs (Asia) L. L. C. as Technical Specialist (Global Ops) in the Treasury Operations Department until he departed in March 2003. He joined our Group in March 2004 as a general manager and was in charge of the setting up of Strong Petrochemical Limited (Macao Commercial offshore). Mr. Wong is responsible for the financial management, including arranging and renewal of credit facilities of our Group, and day-to-day management of our Company. He prepared the Group's risk management policy and is a member of the review team to review the risk position of our Group. He is also the compliance officer of our Group, ensuring our compliance with applicable laws and regulations of our operations. He was appointed as an executive Director on 3 March 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. ZHU Yao Bin（祝耀濱先生）, aged 69, has been an independent non-executive Director since 28 November 2008. He is currently the senior consultant in Changshu Alliance Chemical Co., Ltd.（常熟市聯邦化工有限公司）. He was accredited an engineer by the State Council of the PRC in 1980, and was named deputy general engineer in China Petrochemical Corporation（中國石油化工總公司）in August 1984. He was deputy general manager of China Petrochemical International Co., Ltd.（中國石化國際事業有限公司）from 1992 to 1995 and chief executive of UNIPEC（中國國際石化聯合公司）from 1995 to 1998. He obtained a certificate in 1964 from the Shanghai TV University（上海電視大學）in the PRC, in inorganic chemistry, organic chemistry and analytical chemistry.

Mr. LAU Hon Kee（劉漢基先生）, FCPA, CPA (Aust.), aged 38, has been independent non-executive director since 28 November 2008. Mr. Lau has over 10 years´ experience in and has held positions in various fields including audit, finance and accounting, and has held senior management positions in technology service and manufacturing companies before 2003. Since March 2003, Mr. Lau has been the financial controller and company secretary of the Shandong Luoxin Pharmacy Stock Company Limited（山東羅欣藥業股份有限公司）(Stock Code: 8058), a company listed on the Growth Enterprise Market of the Stock Exchange. Mr. Lau holds a bachelor´s degree in commerce from the Australian National University and is a Fellow CPA of the Hong Kong Institute of Certified Public Accountants and a CPA of CPA Australia.

Ms. LIN Yan（林燕女士）, aged 45, has been an independent non-executive Director since 28 November 2008. She is a member of Certified General Accountant Association of Ontario in Canada. She is currently vice president and chief finance officer of Tebon Securities Co., Ltd（德邦証券有限責任公司）in Shanghai, the PRC. Ms. Lin has over 10 years of experience in the finance industry. She held the position as a senior compliance manager in Rabobank Hong Kong Branch from 1997 to 1999. In 2000 to 2001, she was the corporate controller of Assante Advisory Services in Toronto, Canada. She later joined China Eagle Securities Co, Ltd（大鵬証券有限責任公司）in the PRC as the assistant chief finance officer until mid 2002. She obtained her bachelor of science degree majoring in chemistry from Huaqiao University（華僑大學）, the PRC, in 1985. In 1993, she obtained a master´s degree in business administration from Queen´s University, Kingston, Canada. She was appointed a member of the Self-Disciplinary Committee of the Securities Association of China（中國證券業協會）in February 2008. The Securities Association of China（中國證券業協會）is not a state-owned or statutory organisation in the PRC.

SENIOR MANAGEMENT

Mr. YANG Qing（楊清先生）, aged 42, is co-general manager of our Group. He is responsible for our international trading business and coordinating the petroleum products business. He is also a trader in our Company. His duties include liaising with suppliers and customers, considering hedging strategies to be carried out, and monitoring open positions of derivative financial instruments of the Company. He obtained a bachelor of science degree majoring in management science at Shangdong University（山東大學）in the PRC in 1989. He joined the oil industry in 1989 after he left university. He was a trader, a deputy general manager and latter a general manager in the petroleum products division with Sinochem International Oil Company（中化國際石油公司）from 1998 to 2002 and was responsible for trading operation, the associated hedging activities and day-to-day management of the division. He joined our Group in April 2002.

Ms. NG Siu Wai（吳小惠女士）, aged 56, is co-general manager of our Group. She is responsible for trading and the operation of our Company. Her duties include assisting the trading teams to source crude oil and petroleum products from the international market, arranging chartering of vessels and handling insurance claims when necessary, and reviewing hedging strategies and the risk management process of the Company. She graduated from Zhongshang University（中山大學）in the PRC with a bachelor´s degree majoring in English language in 1976. She then obtained a master´s degree in economics in Zhongshang University（中山大學）, the PRC, in 1993. She has over 25 years of experience in the oil industry. She has extensive experience in handling crude oil and oil products trading and risk management. From 1979 to 1985, she was seconded to China Resources Petroleum and Chemical Co., Ltd. as a sales manager. During the period from 1985 to 1994, she was the deputy general manager of Sinochem International Oil (Hong Kong) Co., Limited（中化香港石油國際有限公司）and was responsible for crude oil and oil products trading and risk management. Immediately before joining our Group in November 2003, she was the general manager and director of international trading for Fortune Oil Co., Limited, a company listed on the London Stock Exchange.

Ms. LAI Yin Ping, Joyce（黎燕萍女士）, aged 51, is the deputy general manager of our Group. She is responsible for banking and trading relationships, company secretarial work, and the administration and human resources of our Group. She has over 30 years of experience in accounting and financial management. From 1988 to 2000, Ms. Lai was an accountant and then promoted to assistant to director at a private company in Hong Kong and was responsible for the administration, financial and accounting aspects of the company. She is also responsible for the corporate administration and human resources of Strong Petrochemical Limited. She joined the Group in November 2000 as a manager.

Mr. ZHUANG Jia（庄加先生）, aged 43, is the deputy general manager of our Group. He is responsible for the trading, shipping and business development of our Group and overseeing our petrochemical trading business. He is also a trader of our Company. His duties include negotiating with suppliers and customers on terms and pricing of trades, considering and executing hedging strategies, and monitoring open positions of derivative financial instruments of our Company. He obtained his bachelor of engineering degree from East China University of Science and Technology（華東理工大學）, previously known as East China Institute of Chemical Technology（華東化工學院）in the PRC, majoring in petroleum processing in 1988. He has nearly 20 years of experience in the oil industry. After university graduation, he joined Sinochem Shanghai（上海市化工進出口公司）as a salesman in the petroleum department and was involved in the hedging activities from April 1993 to February 1994. During the period from March 1994 to January 1997, he was seconded to SCHECO (Hong Kong) Co., Limited, an overseas branch of Sinochem Shanghai, as a trading manager and later promoted to deputy general manager. After the secondment, he returned to Sinochem Shanghai and accepted the position as a manager in the import department until March 1998. Prior to joining our Group in March 2007, he was the trading manager for ICC Chemical Corporation (Shanghai Office) for more than 8 years and was responsible for trading petrochemical products.

Ms. YAO Hong（姚紅女士）, aged 43, is the vice president (trading) of our Group. She is responsible for sourcing crude oil supply, creating trading positions, marketing to domestic and overseas clients and developing team resources. Her other duties include storage management, setting up trading and risk management models as well as organising training courses for team members. She obtained her bachelor´s degree of engineering and economics in 1991 from the Beijing University of Technology. Prior to joining our Group in September 2008, Ms. Yao had gathered over 10 years of experience in international oil trading and over 5 years of experience in project management. From January 2003 to April 2007, she served as senior trading manager at UNIPEC UK Company Limited in charge of sourcing, marketing and hedging for crude oil in the areas of Africa, the North Sea and the Mediterranean. From January 2000 to December 2002, she was the coordinator of the crude oil department at China International United Petroleum & Chemicals Co. Ltd. (UNIPEC), Beijing, responsible for coordinating West African crude oil supplies from twelve refineries. Ms. Yao is holder of the Certificate for Futures Trader issued by the PRC Securities Regulatory Commission and the Certificate of International Business Specialist co-issued by the Ministry of Personnel and Ministry of Foreign Trade and Economics Cooperation.

Mr. PANG Man Chun Manson（彭文俊先生）, aged 38, is the financial controller, company secretary and qualified accountant of our Company, and is a member of the senior management employed by us on a full-time basis as required under Rule 3.24 of the Listing Rules. He is responsible for the overall financial management and company secretarial functions of our Group. He joined our Group in March 2008 and is responsible for the financial management of Strong Petrochemical Limited. He graduated from the University of Canberra, Australia, with a Bachelor of Commerce in Accounting degree. He is a member of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia. He has 10 years of experience in finance and accounting. He was an auditor with Sabrina Chan & Company, CPA from March 1998 to October 2004. During the period from November 2004 to October 2005, he was an accountant with Zolar Company Limited. He later returned to Sabrina Chan & Company, CPA as senior auditor from November 2006 to April 2007. Prior to joining our Group in March 2008, he was an accountant with Asahi Group Company Limited.

THE BOARD OF DIRECTORS

The Board provides effective and responsible leadership for the Company. The directors, individually and collectively, act in good faith in the best interests of the Company and its shareholders. The Company had adopted, for corporate governance purposes, the Code Provisions of the Code on Corporate Governance Practices (appendix 14 to the Listing Rules). The Company is in compliance with the Code Provisions therein.

As at 31 March 2009, the Board comprises three executive Directors and three independent non-executive Directors. The Board has appointed the audit committee and the remuneration committee to oversee specific areas of the Company's affairs. The composition of the Board and the committees are given below and their respective responsibilities are discussed later in this report.

Board of Directors

Executive Directors

Mr. Wang Jian Sheng *(Chairman)*
(appointed on 1 February 2008)
Mr. Yao Guoliang *(Chief Executive Officer)*
(appointed on 1 February 2008)
Mr. Wong Wing
(appointed on 3 March 2008)

Independent Non-executive Directors

Mr. Zhu Yao Bin
(appointed on 28 November 2008)
Mr. Lau Hon Kee
(appointed on 28 November 2008)
Ms. Lin Yan
(appointed on 28 November 2008)

Audit Committee

Mr. Lau Hon Kee *(Chairperson)*
Mr. Zhu Yao Bin
Ms. Lin Yan

Remuneration Committee

Ms. Lin Yan *(Chairperson)*
Mr. Lau Hon Kee
Mr. Wang Jian Sheng

On 28 November 2008, Mr. Wang Jian Sheng was appointed as the chairman and executive Director of the Company, Mr. Yao Guoliang was appointed as the chief executive officer and executive Director of the Company, and Mr. Wong Wing appointed as an executive Director of the Company. Mr. Zhu Yao Bin, Mr. Lau Hon Kee and Ms. Lin Yan were appointed as the independent non-executive Directors of the Company on 28 November 2008.

The Board sets the Group's objectives and monitors its performance. The Board also decides on matters such as annual and interim results, notifiable and connected transactions, director appointments, and dividends and accounting policies. The Board has delegated the authority and responsibility of managing and overseeing the Group's day to day operations to its management.

The company secretary assists the Chairman of the Company in setting the agenda of Board meetings as instructed and each director is invited to present any businesses that they wish to discuss or propose at the meetings. All directors have timely access to all relevant information of the meetings and may take professional advice if necessary. The Company held five full Board meeting since its listing on 12 January 2009 up to 10 July 2009. Attendance of the full Board meetings are as follows:

Attendance	**No. of meetings attended**
Mr. Wang Jian Sheng (appointed on 1 February 2008)	5
Mr. Yao Guoliang (appointed on 1 February 2008)	5
Mr. Wong Wing (appointed on 3 March 2008)	5
Mr. Zhu Yao Bin (appointed on 28 November 2008)	5
Mr. Lau Hon Kee (appointed on 28 November 2008)	5
Ms. Lin Yan (appointed on 28 November 2008)	4

The Company confirmed with all independent non-executive Directors as to their independence with reference to the factors as set out in Listing Rules 3.13.

The full Board participates in the selection and approval of new directors and has not established a Nomination Committee. The independent non-executive Directors are appointed for a specific term. Under the articles of association of the Company, all the directors are currently required to offer themselves for re-election by rotation at least once every three years. The Board takes into consideration criteria such as expertise, experience, integrity and commitment when selecting new directors.

AUDIT COMMITTEE

The Audit Committee comprises all three independent non-executive Directors. It is responsible for accounting principles and practices, auditing, internal controls and legal and regulatory compliance of the Group. It also reviewed the interim and final results of the Group prior to recommending them to the Board for approval. It meets to review financial reporting and internal control matters and to this end has unrestricted access to the Company's auditor. The Committee is chaired by Mr. Lau Hon Kee, a qualified accountant with relevant experience in financial reporting and control. Since the Company's listing on 12 January 2009, the Audit Committee held one meeting to review the annual results of the Group for the financial year ended 31 March 2009 and had 100 percent attendance.

REMUNERATION COMMITTEE

The Remuneration Committee reviews and approves the remunerations of directors. To minimise any conflict of interest, any member who is interested in any given proposed motion is required to abstain from voting on such motion.

The main elements of the Company's remuneration policy are no individual should determine his or her own remuneration, and remuneration should reflect performance, complexity, position, duties and responsibility of the individual. The committee is chaired by Miss Lin Yan. Since the Company's listing on 12 January 2009, the Remuneration Committee held one meeting to review and approve the remuneration package of directors for the year ended 31 March 2009 and had 100 percent attendance.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company has a separate Chairman, Mr. Wang Jian Sheng and Chief Executive Officer, Mr. Yao Guoliang. This segregation of duties ensures a clear distinction between the Chairman's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Company's business.

AUDITOR'S REMUNERATION

Auditor's remuneration in relation to audit amounted to HK$1,018,000 (2008: HK$510,000). The following remuneration was paid by the Group to its auditor, Deloitte Touche Tohmatsu:

	2009	2008
	HK$'000	HK$'000
Audit service	**1,018**	510
Non audit services (The Listing and taxation services)	**–**	—
Total	**1,018**	510

INTERNAL CONTROL

The Board is responsible for the Group's system of internal control and its effectiveness. It has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group, including updating the system of internal controls when there are changes to business environment or regulatory guidelines.

The Board has conducted a review on the effectiveness of the system of internal control of the Company for the financial year ended 31 March 2009. The Board had, with the management, conducted a high-level risk assessment of its core business management processes and risk management function. The management is following up the recommendations in order to enhance the internal control policies and procedures of the Company.

In addition to the internal control review conducted by the Board, the Group had engaged an independent risk advisory consultant from one of the four largest accountancy and professional services firms to perform risk assessment procedures in respect of our risk management functions in relating to the policies and procedures of the hedging activities for the period from 1 September 2008 to 31 March 2009. A report on the results of assessment and recommendations was provided to the management and the Audit Committee.

The Audit Committee considered that there was no significant breach of limits or risk management policies as disclosed in the prospectus that would bring to the attention of the Board. The Board, with the management, is following up the recommendations provided by our review team and independent risk advisory consultant in order to enhance the risk management frameworks and procedures of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors of the Company, all directors confirmed that they had complied with the required standard set out in the Model Code during the period commencing on the 12 January 2009 (the date when the shares of the Comapny have been listed on the Stock Exchange) (the "Listing Date") to 31 March 2009.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of accounts of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31 March 2009, the Directors have selected suitable accounting policies and have applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are pertinent to its operations and relevant to the financial statements, made judgments and estimates that are prudent and reasonable, and have prepared the accounts on the going concern basis.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of maintaining on-going communication with the shareholders. Since listing of the Company on 12 January 2009, the Company has engaged a professional public relation consultancy firm to organise various events upon listing aiming at increasing its transparency, enhancing communication, increasing investors' understanding of and confidence in the Group's business. It also aims at building investors' confidence in the Group's future developments and promoting market recognition and support to the Company.

As a channel of further promoting effective communication, the Company's website is maintained to disseminate the relevant financial and non-financial information on a timely basis.

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. The Chairman of the Board as well as the Chairman of various committees of the Board will be present in the 2009 Annual General Meeting of the Company to answer shareholders' questions.

The directors present their annual report and the audited consolidated financial statements of Strong Petrochemical Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2009.

CORPORATE REORGANISATION

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 1 February 2008.

Pursuant to a group reorganisation (the "Corporate Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group on 28 November 2008. Details of the Corporate Reorganisation were set out in the prospectus dated 23 December 2008 issued by the Company.

The shares of the Company have been listed on the Stock Exchange since 12 January 2009.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The activities of the Company's subsidiaries are set out in note 34 to the consolidated financial statements.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31 March 2009 are set out in the consolidated income statement on page 33.

Pursuant to the minute of the directors' meeting dated 26 November 2008, Santron Holdings Limited declared a Pre-IPO dividend of US$2,900 per share amounting to US$29,000,000 (equivalent to HK$226,200,000). The dividend was paid before 31 December 2008.

The directors do not recommend any final dividend for the year ended 31 March 2009.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 27 to the consolidated financial statements.

SHARE OPTION SCHEME

Particulars of the Company's share option scheme (the "Scheme") are set out in note 33 to the consolidated financial statements.

No option was granted under the Scheme since its adoption up to 31 March 2009. On 7 May 2009, the Company granted 40,000,000 share options to the eligible participants under the Scheme.

RESERVES

Details of the movement in the reserves of the Group during the year are set out in the consolidated statement of Changes in Equity on page 36.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors:

Mr. Wang Jian Sheng	(appointed on 1 February 2008)
Mr. Yao Guoliang	(appointed on 1 February 2008)
Mr. Wong Wing	(appointed on 3 March 2008)

Independent non-executive Directors:

Mr. Zhu Yao Bin	(appointed on 28 November 2008)
Mr. Lau Hon Kee	(appointed on 28 November 2008)
Ms. Lin Yan	(appointed on 28 November 2008)

In accordance with the provisions of the Company's Bye-Laws, Mr. Wang Jian Sheng and Mr. Yao Guoliang will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Each of our executive Directors has entered into a service contract with our Company for an initial term of three years commencing from 28 November 2008 and will continue thereafter until terminated by three months' notice in writing served by either party of the other, which notice shall not expire until after the initial fixed term of three years.

Each independent non-executive Director has entered into a letter of engagement with the Company for a term of one year commencing from 28 November 2008 and renewable by mutual agreement on annual basis.

None of the director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 March 2009, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") are as follows:

(i) Long position in ordinary shares of HK$0.1 each of the Company ("Shares")

Interest in the Company

Name	Nature of Interest	Number of Securities	Approximate Percentage of Shareholding
Mr. Wang	Interest of a controlled corporation	300,000,000	75%
Mr. Yao	Interest of a controlled corporation	300,000,000	75%

Note: Each of Sino Century Holdings Limited ("Sino Century") and Jin Yao Holdings Ltd. ("Jin Yao") holds 50% of the entire issued share capital of Forever Winner. Mr. Wang holds the entire issued share capital of Sino Century. Mr. Yao holds the entire issued share capital of Jin Yao.

(ii) Interests in share options granted by the Company

No share options granted by the Company for the year ended 31 March 2009. Subsequent to the year end, the Company granted share options to the following directors.

Name of Director	Date of Grant	Exerice Price per Ordinary Share	Options Outstanding (Note)
Mr. Wong Wing	8 May 2009	HK$2.58	2,000,000
Mr. Zhu Yao Bin	8 May 2009	HK$2.58	300,000
Mr. Lau Hon Kee	8 May 2009	HK$2.58	300,000
Ms. Lin Yan	8 May 2009	HK$2.58	300,000

Note:

The eligible directors shall exercise the share options during the following periods:

(i) 40% of the share options after 28 May 2009;

(ii) another 30% of the share options after the expiration of 12 months from 8 May 2010; and

(iii) the remaining 30% of the share options after the expiration of 12 months from 8 May 2011, and in each case, not later than 8 November 2018.

Save as disclosed above, as at 31 March 2009, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHODLERS

As at 31 March 2009, the following person (not being a director or a chief executive of the Company) have interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Long position in Shares

Name of shareholder	Nature of interest	Number of shares	Percentage of shareholding
			%
Forever Winner International Limited	Beneficial Owner	300,000,000	75%

Note:

Each of Sino Century Holdings Limited and Jin Yao Holdings Ltd. holds 50% of the entire issued share capital of Forever Winner Holding Limited. Mr. Wang holds the entire issued share capital of Sino Century Holdings Limited. Mr. Yao holds the entire issued share capital of Jin Yao Holdings Ltd..

Saved as disclosed above, the register required to be kept under section 336 of the SFO shows that as at 31 March 2009, the Company had not been notified of any other person who had an interest or short position in the shares and underlying shares of the Company.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

NON-COMPETITION UNDERTAKING

Each of Forever Winner International Limited, Sino Century Holdings Limited, Jin Yao Holdings Ltd., Mr. Wang and Mr. Yao (each a "Non-Compete Covenantor") has entered into a deed of non-competition dated 28 November 2008 with the Company, to the effect that each of them will not directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with the business of the Group from time to time.

The Company has received from each Non-Compete Covenantor's annual declaration on whether it, he or she has complied with the Non-Competition Deed. The independent non-executive Directors have confirmed that they are not aware of any instance where the Non-competition Deed has not been complied with.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers and purchases from the five largest suppliers accounted for around 87.2% and 77.8% of the total sales and purchases for the year, respectively. The Group's largest customer and supplier accounted for around 43.2% and 22.2% of the total sales and purchases for the year, respectively.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers or suppliers.

EMOLUMENT POLICY

The Group mainly determines staff remuneration in accordance with market terms and individual qualifications.

The emoluments of the directors of the Company will be decided by the remuneration committee having regard to the Group's operating results, individual performance and comparable market statistics. Details of directors' emolument are set out in note 11 to the consolidated financial statements.

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the listed securities of the Company during the period commencing on the Listing Date to 31 March 2009.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

RETIREMENT BENEFITS SCHEMES

Other than operating a Hong Kong Mandatory Provident Fund Scheme and participating in the People's Republic of China state-managed retirement benefits scheme, the Group has not operated any other retirement benefits schemes for the Group's employees. Particulars of the retirement benefits schemes are set out in note 31 to the consolidated financial statements.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the period commencing on the Listing Date to 31 March 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors of the Company, all directors confirmed that they had complied with the required standard set out in the Model Code during the period commencing on the Listing Date to 31 March 2009.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

AUDIT COMMITTEE

The Company has set up an audit committee with written terms of reference. Currently, the audit committee comprises three independent non-executive Directors and reports to the Board of Directors. The audit committee meets with the Group's senior management and external auditors regularly to review the effectiveness of the internal control systems and the interim and annual reports of the Group and reports directly to the Board of Directors of the Company.

The Group's consolidated financial statements for the year ended 31 March 2009 have been reviewed by the audit committee of the Company, who are of the opinion that such statements comply with the applicable accounting standards and legal requirements, and that adequate disclosures have been made.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the directors, the Directors confirm that the Company has maintained a sufficient public float as required under the Listing Rules during the period commencing on the Listing Date to 31 March 2009.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Wang Jian Sheng
Chairman

10 July 2009

Deloitte.
德勤

TO THE MEMBERS OF STRONG PETROCHEMICAL HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Strong Petrochemical Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 84, which comprise the consolidated balance sheet as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
10th July, 2009

Consolidated Income Statement

For the year ended 31 March 2009

	NOTES	2009 HK$'000	2008 HK$'000
Revenue	6	**5,992,151**	4,211,182
Cost of sales		**(5,820,225)**	(4,103,013)
Gross profit		**171,926**	108,169
Other income	7	**4,297**	19,040
Fair value changes on derivative financial instruments	26	**207,465**	(3,667)
Fair value changes on held for trading investments		**(3,872)**	(2,635)
Administrative and other expenses		**(42,501)**	(24,420)
Finance costs	8	**(3,912)**	(2,985)
Share of loss of an associate		**(204)**	—
Profit before taxation		**333,199**	93,502
Taxation	9	**(3,725)**	(811)
Profit for the year	10	**329,474**	92,691
Dividends	13	**226,200**	109,200
Earnings per share – basic (HK$)	14	**1.02**	0.31

Consolidated Balance Sheet

At 31 March 2009

	NOTES	2009	2008
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment	15	**8,348**	19,731
Prepaid lease payments	16	**20,876**	21,302
Available-for-sale investments	17	**392**	1,592
Bank structured deposit	18	**17,496**	17,271
Interest in an associate	19	**50,420**	49,789
		97,532	109,685
Current assets			
Prepaid lease payments	16	**435**	—
Trade and bills receivables	20	**460,747**	63,027
Other receivables, deposits and prepayments		**3,740**	6,003
Amount due from an oil trading company	21	**5,528**	—
Tax recoverable		**—**	4,565
Held for trading investments	22	**—**	9,327
Deposits placed with brokers	23	**75,289**	22,606
Pledged bank deposits	24	**41,476**	15,677
Bank balances and cash	24	**228,149**	80,996
		815,364	202,201
Current liabilities			
Trade and bills payables	25	**280,090**	3,928
Other payables and accruals	25	**16,656**	10,500
Derivative financial instruments	26	**29,636**	—
Dividend payable		**—**	53,313
Tax payable		**12,405**	9,540
		338,787	77,281
Net current assets		**476,577**	124,920
Total assets less current liabilities		**574,109**	234,605

Consolidated Balance Sheet

At 31 March 2009

	NOTE	2009 HK$'000	2008 HK$'000
Equity			
Share capital	27	**40,000**	78
Reserves		**534,109**	234,527
Total equity		**574,109**	234,605

The consolidated financial statements on pages 33 to 84 were approved and authorised for issue by the Board of Directors on 10th July, 2009 and are signed on its behalf by:

Wang Jian Sheng	**Yao Guoliang**
DIRECTOR	DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (Note 1)	Legal reserve HK$'000 (Note 2)	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1st April, 2007	78	—	—	49	—	249,284	249,411
Exchange differences arising on translation recognised directly in equity	—	—	—	—	1,703	—	1,703
Profit for the year	—	—	—	—	—	92,691	92,691
Total recognised income for the year	—	—	—	—	1,703	92,691	94,394
Interim dividends recognised as distribution	—	—	—	—	—	(109,200)	(109,200)
At 31 March 2008	78	—	—	49	1,703	232,775	234,605
Exchange differences arising on translation recognised directly in equity	—	—	—	—	1,014	—	1,014
Profit for the year	—	—	—	—	—	329,474	329,474
Total recognised income for the year	—	—	—	—	1,014	329,474	330,488
Arising from the corporate reorganisation	1,922	—	(1,922)	—	—	—	—
Shares issued through an initial public offering	10,000	240,000	—	—	—	—	250,000
Transaction costs attributable to issue of shares	—	(14,784)	—	—	—	—	(14,784)
Issue of shares by capitalisation of share premium account	28,000	(28,000)	—	—	—	—	—
Interim dividends recognised as distribution	—	—	—	—	—	(226,200)	(226,200)
At 31 March 2009	**40,000**	**197,216**	**(1,922)**	**49**	**2,717**	**336,049**	**574,109**

Note:

1. Special reserve represents the difference between the nominal value of shares of the acquired subsidiaries and the nominal value of the shares of the Company issued for the acquisition at the time of the corporate reorganisation (“Corporate Reorganisation”) to rationalise the Group structure prior to the listing of the Company’s share on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing”).

2. According to the law and regulation of Macao Special Administrative Region, a legal reserve is required to be established up to a minimum of 50% of the company’s paid up capital and is established in any year in which a dividend is appropriated. A subsidiary of the Company established in Macao appropriated a final dividend for the year ended 31 March 2006 to its shareholder, as a result, 50% of the issued capital MOP100,000 was transferred to the legal reserve.

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	NOTE	2009	2008
		HK$'000	HK$'000
OPERATING ACTIVITIES			
Profit before taxation		333,199	93,502
Adjustments for:			
Bank interest income		(3,502)	(12,627)
Finance costs		3,912	2,985
Depreciation		457	1,031
Amortisation of prepaid lease payments		435	—
Loss on disposal of property, plant and equipment		3	3
Change in fair value on bank structured deposit		(225)	(1,671)
Change in fair value of derivative financial instruments		29,636	—
Share of loss of an associate		204	—
Operating cash flows before movements in working capital		364,119	83,223
Increase in trade and bills receivables		(397,720)	(63,027)
Decrease (increase) in other receivables, deposits and prepayments		2,213	(32)
Increase in amount due from an oil trading company		(5,528)	—
Decrease (increase) in held for trading investments		1,705	(9,327)
Increase in trade and bills payables		276,162	3,928
Increase in other payables and accruals		6,514	3,006
Cash generated from operations		247,465	17,771
Interest paid and bank charges		(3,912)	(2,985)
Income tax paid		(1,769)	(9,802)
Income tax refunded		5,503	—
NET CASH FROM OPERATING ACTIVITIES		247,287	4,984

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	NOTE	2009	2008
		HK$'000	HK$'000
INVESTING ACTIVITIES			
Bank interest received		3,502	12,627
Purchase of property, plant and equipment		(5,948)	(1,062)
Proceeds from disposal of property, plant and equipment		2	—
Proceeds from disposal of a subsidiary	28	29,674	—
Prepaid leases payments made		(87)	(21,302)
Increase in bank structured deposit		–	(15,600)
Investment in an associate		–	(49,319)
(Increase) decrease in pledged bank deposits		(25,799)	7,798
(Increase) decrease in deposits placed with brokers		(56,986)	12,478
NET CASH USED IN INVESTING ACTIVITIES		(55,642)	(54,380)
FINANCING ACTIVITIES			
Proceeds from issue of shares		250,000	—
Transaction costs attributable to issue of shares		(14,784)	—
Repayment to shareholders		–	(1,990)
Dividends paid		(279,513)	(55,887)
NET CASH USED IN FINANCING ACTIVITIES		(44,297)	(57,877)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		147,348	(107,273)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		80,996	187,036
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(195)	1,233
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		228,149	80,996
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		228,149	80,996

1. GROUP RESTRUCTURING AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 1st February, 2008. Its parent and ultimate holding company is Forever Winner International Limited ("Forever Winner"), a limited company incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 1604, Far East Finance Centre, 16 Harcourt Road, Hong Kong, respectively.

Pursuant to the Corporate Reorganisation to rationalise the structure of the Group in preparation for the Listing, the Company became the holding company of the Group on 28th November, 2008 by issuing shares in exchange for the entire share capital of Wide Sea International Limited ("Wide Sea"). Details of the Corporate Reorganisation were set out in the prospectus dated 23rd December, 2008 issued by the Company.

The shares of the Company have been listed on the Stock Exchange since 12th January, 2009.

The Corporate Reorganisation completed on 28th November, 2008 was regarded as a reorganisation of companies under common control which was undertaken to intersperse the Company and Wide Sea between Forever Winner and Santron Holdings Limited. Accordingly, the entities comprising the Group are regarded as continuing entities. The consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement are prepared using merger accounting as if the group structure immediately after the Corporate Reorganisation had been in existence throughout the two years ended 31 March 2009, or since the respective dates of incorporation/establishment of the relevant entity, where this is a shorter period. The consolidated balance sheet as at 31 March 2008 presents the assets and liabilities of the companies comprising the Group which had been incorporated/established as at 31 March 2008 as if the group structure immediately after the Corporate Reorganisation had been in existence on 31 March 2008.

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries are set out in note 34.

The Group's principal operations are conducted in the Hong Kong and Macao. The functional currency of the Company and most of its subsidiaries is United States Dollar ("US$"), as the Group mainly trade in US$ with its customers and suppliers. However, for the convenience of the financial statement users, the consolidated financial statements are presented in Hong Kong Dollar ("HK$").

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

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

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 asset, 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 years have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations 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 & 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)	Improving disclosures about financial instruments [3]
HKFRS 8	Operating segments [3]
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives [5]
HK(IFRIC) – INT 13	Customer loyalty programmes [6]
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 [7]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners [4]
HK(IFRIC) – INT 18	Transfers of assets from customers [8]

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

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

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

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

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

[5] Effective for annual periods ending on or after 30th June, 2009

[6] Effective for annual periods beginning on or after 1st July, 2008

[7] Effective for annual periods beginning on or after 1st October, 2008

[8] Effective for transfers on or after 1st July, 2009

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st April, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. The principal accounting policies adopted are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation

The consolidated financial statements incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year, except for those acquired pursuant to the Corporate Reorganisation, are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Merger accounting

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the consolidated financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties. The combined entity recognises the assets, liabilities and equity of the combining entities or business at the carrying amounts in the consolidated financial statements of the controlling party or parties prior to the common control combinations.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment in an associate

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of goods is recognised when goods are delivered and title has been passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' right to receive payment have been established.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment including building for administrative purposes (other than construction in progress) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Prepaid lease payments represent leasehold interests in land under operating lease arrangements and are amortised over the lease terms on a straight-line basis.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme"), Macao Social Security Fund and the state-managed retirement benefit scheme of the People's Republic of China are charged as an expense when employees have rendered services entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are mainly classified into financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. The accounting policies adopted in respect of financial assets at FVTPL, loans and receivables and available-for-sale financial assets are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets at FVTPL, of which interest income is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Financial assets at FVTPL

Financial assets at FVTPL have two subcategories, including financial assets held for trading and those designated at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire consolidated contract (asset or liability) to be designated as at FVTPL.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, receivables (including trade and bills receivables, other receivables and deposits, amount due from an oil trading company, deposits placed with brokers, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss.

For available-for-sale investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investments, impairment losses are subsequently reversed to profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis other than those financial liability designated as at FVTPL, of which the interest expense is included in net gains or losses.

Financial liabilities at FVTPL

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

At each balance sheet date subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity *(continued)*

Other financial liabilities

Other financial liabilities including trade and bills payables, other payables and dividend payable are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives of the Group do not qualify for hedge accounting thus they are deemed as financial assets held for trading or financial liabilities held for trading. Changes in fair values of such derivatives are recognised directly in profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At each balance sheet dates, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the year in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of each individual group entity are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

Impairment losses on tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior year. A reversal of an impairment loss is recognised as income immediately.

4. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt net of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, share premium, retained profits and other reserves as disclosed in the consolidated statement of changes in equity. As at 31 March 2009 and 2008, no external debts are raised by the Group.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt.

5. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2009	2008
	HK$'000	HK$'000
Financial assts		
FVTPL		
– Designated as at FVTPL	17,496	17,271
– Held for trading	—	9,327
Loans and receivables (including cash and cash equivalents)	812,360	182,538
Available-for-sale financial assets	392	1,592
Financial liabilities		
FVTPL		
– Held for trading	29,636	—
Amortised cost	282,481	57,306

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies

The Group's major financial instruments include bank structured deposit, trade and bills receivables, other receivables and deposits, amount due from an oil trading company, deposits placed with brokers, pledged bank deposits, bank balances and cash, trade and bills payables, other payables, derivative financial instruments and dividend payable. The risks associated with these financial instruments include market risk (interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no significant change to the Group's exposure to financial risks or the manner in which it manages and measures the risks.

Market risks

Interest rate risk

The management manages the interest rate exposure based on the interest rate level as well as potential impact on the Group's results arising from volatility of the interest rate. The management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group's cash flow interest rate risk primarily relates to its variable-rate bank balances, pledged bank deposits and deposits placed with brokers. As at the balance sheet date, the Group has no bank borrowing.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for variable-rate bank balances, pledged bank deposits and deposits placed with brokers at each balance sheet dates. The analysis is prepared assuming the amount of bank balances, pledged bank deposits and deposits placed with brokers outstanding at the balance dates were outstanding for the whole year. A 100 basis points change is used which represents management's assessment of reasonably possible change in interest rates.

If the interest rate on bank balances, pledged bank deposits and deposits placed with brokers increase/decrease by 100 basis points and all other variables were held constant, the profit for the year ended 31 March 2009 will increase/decrease by approximately HK$3,449,000 (2008: HK$1,193,000).

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risks *(continued)*

Currency risk

Majority of the Group's sales and purchases are denominated in the group entity's functional currency. Accordingly, the directors considered that the Group's foreign currency exchange risk is insignificant.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Functional currency as US$				
Currency of Hong Kong	**158**	65	**71,775**	535
Currency of the United Kingdom	**–**	—	**17**	5,514
Currency of the People's Republic of China (the "PRC")	**–**	—	**–**	15
US$ against functional currency as currency of the PRC	**–**	—	**12,101**	1

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

For the entities of which their functional currency is US$ while holding assets denominated in HK$, the directors considered that, as HK$ is pegged to US$, the Group is not subject to significant foreign currency risk from change in foreign exchange rate of HK$ against US$.

The directors considered that the sensitivity of the Group's exposure towards the change in other foreign exchange rates is minimal as the assets and liabilities of the Group denominated in currency other than functional currency of a particular group entity were insignificant as at each of the balance sheet dates.

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Other price risk

Oil price risk

The Group is exposed to oil price risk through its trading of petroleum products, crude oil and petrochemical products of which their prices fluctuates directly with the oil price. The oil price is affected by a wide range of global and domestic factors which are beyond the control of the Group. The fluctuation in oil prices may have favourable or unfavourable impacts to the Group. The management manages this exposure by negotiation and confirmation of the terms of the agreements with customers and suppliers simultaneously. In this regard, the Group does not need to maintain any inventory and thus eliminate any price risk arising from fluctuation of international oil price for any inventory on hand.

In addition, the Group has carried out hedging activities to reduce the price risk exposure during the course of trading business. In order to evaluate and monitor the hedging activities, the Group has formulated a risk management policy documenting, amongst other things, the scope of risk management, roles and responsibility and risk tolerance. The scope of risk management policy focuses on price risks arising from the trading business and the trading of derivative financial instruments, including swaps, futures and options, traded in both over-the-counter and different exchanges for hedging purposes. Derivative transactions entered into for hedging purposes will be monitored for suitability in terms of size, direction, and strategy with reference to the corresponding shipment involved. There are three main parties involved in hedging activities, namely traders, the reporting and monitoring team and the review team. Under the risk management policy, trades are limited by different risk tolerance thresholds upon execution of derivative financial instruments. In order to improve the mechanism of the hedging activities after Listing, the Group has appointed an independent risk advisory consultant to review its existing risk management policy and documentation.

The Group's derivative financial instruments are measured at fair value provided by financial institutions with reference to the quoted crude oil futures prices. Therefore, the Group is exposed to oil price risk and the management monitors the price movements and takes appropriate actions when it is required.

Sensitivity analysis

If the reference oil price had been 10% higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2009 would decrease/increase by approximately HK$65,746,000. The sensitivity rate of 10% represents management's assessment of the reasonably possible change in the reference oil price.

Equity price risk

The Group's held for trading investments are measured at fair value with reference to the quoted market prices. Therefore, the Group was exposed to equity price risk and the management monitors the price movements and will take appropriate actions when it is required.

Sensitivity analysis

If the quoted prices of held for trading investments had been 10% higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2008 would increase/decrease by approximately HK$933,000.

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Reference index price risk

The Group's structured bank deposits are measured at fair value with reference to the foreign exchange yield differential index, which is calculated using discounted cash flow analyses on the zero coupon instrument and the fair value analyses for foreign currency forward contracts. The calculation is based on the applicable interest rates and foreign exchange rates. Accordingly, the structured bank deposits are exposed to the combination of interest rate and foreign exchange risk. As the variability of interest rate is insignificant, the management considers the risk in respect of this is insignificant and accordingly, no sensitivity is performed.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants. As at 31 March 2009, the Group has available unutilised short-term bank loan facilities of approximately US$210,397,000 (equivalent to HK$1,641,100,000) (2008: US$161,700,000 (equivalent to HK$1,261,260,000)).

The following tables detail the Group's remaining contractual maturity for its financial liabilities. For non-derivative liabilities the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. For derivative instruments settled on a net basis, undiscounted net cash outflow are presented.

	Weighted average effective interest rate	Less than 1 month	1 month to 3 months	3 months to 1 year	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2009						
Non-derivative financial liabilities						
Trade and bills payables	N/A	250,486	29,140	464	280,090	280,090
Other payables	N/A	195	143	2,053	2,391	2,391
		250,681	29,283	2,517	282,481	282,481
Derivatives settled net						
– futures contracts		10,561	17,605	—	28,166	28,166
– options		1,470	—	—	1,470	1,470
		12,031	17,605	—	29,636	29,636

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

	Weighted average effective interest rate	Less than 1 month	1 month to 3 months	3 months to 1 year	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2008						
Non-derivative financial liabilities						
Trade and bills payables	N/A	3,928	—	—	3,928	3,928
Other payables	N/A	65	—	—	65	65
Dividend payable	N/A	—	—	53,313	53,313	53,313
		3,993	—	53,313	57,306	57,306

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Bank structured deposit, bank balances and deposit placed with brokers are placed in various authorised financial institutions and the directors of the Company consider the credit risk of such authorised financial institutions is low.

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

Other than concentration of credit risk on liquid funds and bank structured deposit which are deposited with several financial institutions with high credit ratings, the Group also has concentration of credit risk on amount due from an oil company and the trade and bills receivables as the total trade and bills receivables of the Group as at 31 March 2009 were due from 6 (2008: 1) customers. These customers are mainly PRC state-owned import agents with strong financial background. The management closely monitors the subsequent settlement of the customers. At the same time, the management endeavours to diversify and expand the customer base in order to mitigate the concentration of credit risk through establishing new business relationship with non state-owned licensed import agents and overseas oil trading companies.

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities (including derivative instruments) with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

6. REVENUE AND SEGMENTAL INFORMATION

Revenue

Revenue represents the amounts received and receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Segmental information

The Group's revenue is substantially derived from single business segment of sales of petroleum products and crude oil for the year. The directors consider that these activities constitute one business segment since these activities are related and are subject to similar risks and rewards. In addition, the revenue from sales of petrochemical products constituted less than 10% of the total revenue. Accordingly, no analysis by business segment is presented.

The directors of the Company report the geographical segments by location of the oil trading companies of the Group, which are mainly located in Hong Kong, Macao and the PRC (excluding Hong Kong and Macao), as the Group's primary segment information.

The following tables provide an analysis of the Group's results, assets and liabilities by geographical segments based on location of the oil trading companies of the Group:

Consolidated income statement for the year ended 31 March 2009

	Hong Kong	Macao	PRC	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue	996,242	4,995,909	—	5,992,151
Segment result	38,961	340,609	—	379,570
Unallocated corporate expenses				(42,501)
Other income				4,118
Share of loss of an associate	—	—	(204)	(204)
Fair value changes on held for trading investments				(3,872)
Finance costs				(3,912)
Profit before taxation				333,199
Taxation				(3,725)
Profit for the year				329,474

6. REVENUE AND SEGMENTAL INFORMATION *(continued)*

Segmental information *(continued)*

Consolidated balance sheet as at 31 March 2009

	Hong Kong	Macao	PRC	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS				
Segment assets	38,603	431,471	28,534	498,608
Interest in an associate	—	—	50,420	50,420
Unallocated corporate assets				363,868
				912,896
LIABILITIES				
Segment liabilities	31,213	291,762	2,113	325,088
Unallocated corporate liabilities				13,699
				338,787

Other information for the year ended 31 March 2009

	Hong Kong	Macao	PRC	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amortisation of prepaid lease payments	—	—	435	—	435
Additions of property, plant and equipment	53	2	5,893	—	5,948
Depreciation of property, plant and equipment	33	154	8	262	457
Loss on disposal of property, plant and equipment	1	2	—	—	3
Fair value changes on derivative financial instruments	78,966	128,499	—	—	207,465

6. REVENUE AND SEGMENTAL INFORMATION *(continued)*

Segmental information *(continued)*

Consolidated income statement for the year ended 31 March 2008

	Hong Kong	Macao	PRC	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue	1,298,751	2,912,431	—	4,211,182
Segment result	15,939	93,305	—	109,244
Unallocated corporate expenses				(24,420)
Other income				14,298
Fair value changes on held for trading investments				(2,635)
Finance costs				(2,985)
Profit before taxation				93,502
Taxation				(811)
Profit for the year				92,691

Consolidated balance sheet as at 31 March 2008

	Hong Kong	Macao	PRC	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS				
Segment assets	771	64,606	22,423	87,800
Interest in an associate	—	—	49,789	49,789
Unallocated corporate assets				174,297
				311,886
LIABILITIES				
Segment liabilities	1,173	9,447	1,008	11,628
Unallocated corporate liabilities				65,653
				77,281

6. REVENUE AND SEGMENTAL INFORMATION *(continued)*

Segmental information *(continued)*

Other information for the year ended 31 March 2008

	Hong Kong	Macao	PRC	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Additions of property, plant and equipment	24	—	1,038	—	1,062
Depreciation of property, plant and equipment	191	229	4	607	1,031
Loss on disposal of property, plant and equipment	3	—	—	—	3
Fair value changes on derivative financial instruments	—	(3,667)	—	—	(3,667)

The Group has contracted with customers which are located in different countries but the products sold were substantially delivered to the PRC, the ultimate location of market. Accordingly, no analysis of revenue by geographical segment based on location of customers is presented.

7. OTHER INCOME

	2009	2008
	HK$'000	HK$'000
Bank interest income	**3,502**	12,627
Demurrage charges received	**—**	1,227
Insurance claims received	**—**	3,500
Increase in fair value on bank structured deposit	**225**	1,671
Dividend income from listed securities in Hong Kong	**377**	—
Others	**193**	15
	4,297	19,040

8. FINANCE COSTS

	2009	2008
	HK$'000	HK$'000
Interests on short-term borrowings	571	105
Bank charges on letter of credit facilities	3,341	2,880
	3,912	2,985

9. TAXATION

	2009	2008
	HK$'000	HK$'000
Current tax of Hong Kong Profits Tax	3,640	811
Underprovision of Hong Kong Profits Tax in prior year	85	—
	3,725	811

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/09. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) on the estimated assessable profit for the year.

No provision for PRC Enterprise Income Tax was provided for the Group's PRC subsidiary as the PRC subsidiary has no assessable profit for both years.

Pursuant to the Decree Law No. 58/99M, Chapter 2, Article 12 dated 18th October, 1999, issued by the Macao Special Administrative Region Government, Strong Petrochemical Limited (Macao Commercial Offshore) ("Strong Petrochemical (Macao)") is exempted from Macao Complementary Tax.

9. TAXATION *(continued)*

The taxation for the year can be reconciled to the profit before taxation per the consolidated income statements as follows:

	2009	2008
	HK$'000	HK$'000
Profit before taxation	**333,199**	93,502
Tax at applicable Hong Kong Profits Tax rate of 16.5% (2008: 17.5%)	**54,978**	16,363
Tax effect of income not taxable for tax purposes	**(294)**	(1,327)
Tax effect of expenses not deductible for tax purposes	**2,820**	1,209
Effect of tax exemption granted to Macao subsidiary	**(53,898)**	(15,701)
Effect of tax losses not recognised	**—**	267
Tax effect of share of loss of an associate	**34**	—
Underprovision in respect of prior year	**85**	—
Taxation for the year	**3,725**	811

As at 31 March 2009, the Group has unused tax losses of nil (2008: HK$1,526,000) available for offset against future profits. No deferred tax asset as at 31 March 2008 has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The unused tax losses as at 31 March 2008 may be carried forward indefinitely and was derived from a subsidiary which was disposed of during 2009.

There was no significant unprovided deferred taxation for the year or at the balance sheet date.

10. PROFIT FOR THE YEAR

	2009 HK$'000	2008 HK$'000
Profit for the year is arrived after charging:		
Auditor's remuneration	1,018	510
Amortisation of prepaid lease payments	435	—
Depreciation of property, plant and equipment	457	1,031
Net foreign exchange losses	925	17
Listing expenses	10,500	5,958
Loss on disposal of property, plant and equipment	3	3
Operating lease rentals in respect of an oil tanker and rented premises	14,189	19
Staff costs		
Directors' emoluments	1,333	780
Salaries, bonus and other allowances	8,600	4,155
Retirement benefits scheme contributions	100	71
	10,033	5,006

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to directors were as follows:

	Executive director			Independent non-executive director			
	Wang Jian Sheng ("Mr. Wang")	Yao Guoliang ("Mr.Yao")	Wong Wing	Zhu Yao Bin	Lau Hon Kee	Lin Yan	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Fees	–	–	–	41	61	41	143
Other emoluments							
Salaries and other benefits	–	–	932	–	–	–	932
Discretionary bonus	–	–	258	–	–	–	258
Total emoluments for 2009	–	–	1,190	41	61	41	1,333

11. DIRECTORS' EMOLUMENTS *(continued)*

The discretionary bouns is determined by reference to the individual performance of the directors and appoved by the Remuneration Committee.

During both years, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

During the year ended 31 March 2009, Mr. Wang and Mr. Yao waived each of the director's fees of HK$342,000. None of the directors has waived any emoluments during the year ended 31 March 2008.

For the year ended 31 March 2008, no amounts were paid or payable in respect of directors' emoluments except for the salaries and other benefits of HK$780,000 paid to Mr. Wong Wing.

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2008: one) was director of the Company whose emoluments are included in the disclosures in note 11 above. The emoluments of the remaining four (2008: four) individuals were as follows:

	2009	2008
	HK$'000	HK$'000
Salaries and other benefits	**4,625**	2,776
Contributions to retirement benefits schemes	**43**	37
	4,668	2,813

Their emoluments were within the following bands:

	2009	2008
	No. of employees	No. of employees
Nil to HK$1,000,000	**2**	3
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**1**	—

13. DIVIDENDS

The dividends for the year represent the interim dividends of US$29,000,000 (equivalent to approximately HK$226,200,000) (2008: US$14,000,000 (equivalent to approximately HK$109,200,000)) declared by Santron Holdings Limited, the then holding company of the Group to the shareholders.

No final dividend was paid or proposed during the year ended 31 March 2009 nor has any dividend been proposed since the balance sheet date (2008: nil).

14. EARNINGS PER SHARE

The calculation of the basic earnings per share for each of the two years ended 31 March 2009 and 2008 is based on the consolidated profit attributable to equity holders of the Company for the respective years and on the number of shares as follows:

	2009	2008
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (note)	**321,643,836**	300,000,000

Note: The weighted average number of shares for the purpose of calculating basic earnings per share for each of the two years ended 31 March 2009 and 2008 is based on the assumption that the 20,000,000 shares issued and outstanding upon the Corporate Reorganisation had been in issue as at beginning of the respective years and also has been adjusted for the 280,000,000 shares issued pursuant to the capitalisation issue as disclosed in note 27.

There was no diluted earnings per share for both years as there were no potential ordinary shares in issue during the years.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Furniture and fixtures	Office equipment	Motor vehicles	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST							
At 1st April, 2007	20,754	930	651	720	2,117	—	25,172
Additions	—	—	—	52	—	1,010	1,062
Disposals	—	—	—	(40)	—	—	(40)
At 31 March 2008	20,754	930	651	732	2,117	1,010	26,194
Exchange realignment	—	—	—	—	—	17	17
Additions	—	—	—	78	—	5,870	5,948
Disposals	—	—	(1)	(18)	—	—	(19)
Disposal of a subsidiary	(19,056)	—	(4)	—	(2,117)	—	(21,177)
At 31 March 2009	1,698	930	646	792	—	6,897	10,963
ACCUMULATED DEPRECIATION							
At 1st April, 2007	1,726	785	516	537	1,905	—	5,469
Provided for the year	480	145	105	89	212	—	1,031
Eliminated on disposals	—	—	—	(37)	—	—	(37)
At 31 March 2008	2,206	930	621	589	2,117	—	6,463
Provided for the year	347	—	22	88	—	—	457
Eliminated on disposals	—	—	(1)	(13)	—	—	(14)
Eliminated on disposal of a subsidiary	(2,170)	—	(4)	—	(2,117)	—	(4,291)
At 31 March 2009	383	930	638	664	—	—	2,615
CARRYING VALUES							
At 31 March 2009	1,315	—	8	128	—	6,897	8,348
At 31 March 2008	18,548	—	30	143	—	1,010	19,731

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	5%
Leasehold improvements	Over the shorter of the term of the lease or 3-4 years
Furniture and fixtures	20% - 25%
Office equipment	19% - 33⅓%
Motor vehicles	30%

As at 31 March 2009 and 2008, all of the Group's buildings were pledged to secure certain banking facilities granted to the Group.

As at 31 March 2009 and 2008, construction in progress represents the cost for construction of storage tanks.

16. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments at 31 March 2009 and 2008 comprise leasehold interest in land in the PRC with medium-term lease for 50 years.

As at 31 March 2008, the Group has fully settled the contract sum but not yet obtained the land use right certificates. The Group has subsequently obtained the Stated-owned Land Use Rights Certificates on 21st April, 2008. The prepaid lease payments are commenced to amortise over the lease terms on a straight-line basis since this date.

The amounts are analysed for reporting purposes as:

	2009 **HK$'000**	2008 HK$'000
Prepaid lease payments of the Group are analysed for reporting purpose as:		
Current asset	**435**	—
Non-current asset	**20,876**	21,302
	21,311	21,302

17. AVAILABLE-FOR-SALE INVESTMENTS

	2009	2008
	HK$'000	HK$'000
Corporate debenture	—	1,200
Golf club membership	392	392
	392	1,592

The directors of the Company are of the opinion that their fair values cannot be measured reliably because the above available-for-sale investments do not have a quoted market price in an active market. Accordingly, they are measured at cost less impairment at each balance sheet dates.

18. BANK STRUCTURED DEPOSIT

The amounts at 31 March 2009 and 2008 represent a principle-protected structured deposit denominated in US$ amounted to US$2,000,000 with a maturity date on 9th May, 2012. The bank structured deposit contains embedded derivatives, the return on which is determined with reference to a foreign exchange yield differential index published by the issuer of the structured deposit, which is a bank with high credit rating assigned by international credit-rating agencies. The structured deposit is designated at FVTPL at initial recognition.

At the balance sheet date, the structured deposits is stated at fair value based on valuation provided by the bank. The fair value is determined by reference to the index described above, which is determined by using discounted cash flow analyses on the zero coupon instrument and fair values analyses for foreign currency forward contracts, based on the applicable interest rates and exchange rates.

At the balance sheet date, there is a significant concentration of credit risk for financial assets designated at FVTPL. The carrying amount reflected at 31 March 2009 and 2008 represents the Group's maximum exposure to credit risk for such financial assets.

19. INTEREST IN AN ASSOCIATE

	2009	2008
	HK$'000	HK$'000
Cost of investment in an associate, unlisted	49,319	49,319
Share of post-acquisition loss	(204)	—
Exchange realignment	1,305	470
	50,420	49,789

19. INTEREST IN AN ASSOCIATE *(continued)*

As at 31 March 2009 and 2008, the Group had interest in the following associate:

Name of entity	Form of business structure	Country of incorporation	Fully paid up registered capital	Proportion of nominal value of registered capital held by the Group	Principal activity
中化天津港石化倉儲有限公司 (Sinochem Tianjin Port Petrochemical Terminal Co., Ltd.)	Sino-foreign owned enterprise	PRC	RMB300,000,000	15% (Note)	Provision of petrochemical products storage services (Not yet commence operation)

Note: The Group is able to exercise significant influence over Sinochem Tianjin Port Petrochemical Terminal Co., Ltd. because it has the power to appoint one out of the five directors of this company pursuant to the memorandum and articles of the entity.

The summarised financial information in respect of the Group's associate is set out below:

	2009 HK$'000	2008 HK$'000
Total assets	340,358	333,125
Total liabilities	(4,225)	(1,193)
Net assets	336,133	331,932
Group's share of net assets	50,420	49,789
Revenue	–	—
Loss for the year	1,359	—
Group's share of result for the year	204	—

20. TRADE AND BILLS RECEIVABLES

The following is an aged analysis of trade and bills receivables at the balance sheet date:

	2009	2008
	HK$'000	HK$'000
Trade receivables:		
0 to 30 days	373,866	63,027
31 to 60 days	50,797	—
61 to 90 days	26,317	—
Bills receivables		
31 to 60 days	9,767	—
	460,747	63,027

The credit period on sale of goods is 30 to 90 days. The Group does not hold any collateral over these balances. All trade receivables are neither past due nor impaired as at balance sheet dates.

In the opinion of the directors, the Group has a well established strong client portfolio where the customers have a strong financial and well established market position. The directors consider that such relationships enable the Group to limit its credit risk exposure. Before accepting any new customers, the Group will assess the potential customer's credit quality by reference to the experience of the management and defines credit limits by customer. Such credit limit is reviewed by the management periodically.

21. AMOUNT DUE FROM AN OIL TRADING COMPANY

The amount represents settlement amounts with an oil trading company for trading in forward and swap contracts. The amount is unsecured, non-interest bearing and is repayable within 60 days after such contracts are concluded.

22. HELD FOR TRADING INVESTMENTS

The amounts at 31 March 2008 represented investments in equity securities listed in Hong Kong, stated at fair value.

23. DEPOSITS PLACED WITH BROKERS

The amounts of HK$75,289,000 (2008: HK$16,469,000) represent margin deposits placed with brokers for trading derivatives carried interest at prevailing market interest rate which range from 0.00% to 0.686% per annum for both years. The remaining amount of HK$6,137,000 at 31 March 2008 represented deposits placed with securities brokers for trading listed securities in Hong Kong and carried interest at market interest rates which range from 0.25% to 0.77% per annum for the year ended 31 March 2008.

24. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

Pledged bank deposits represented the Group's deposits pledged to banks to secure short-term credit facilities granted to the Group and carried prevailing market interest and are therefore classified as current assets.

Bank balances and cash comprised cash on hand, balances in saving and current accounts, and short-term bank deposits. As at 31 March 2009, the bank balances and cash of approximately HK$12,381,000 (2008: HK$2,838,000) were denominated in Renminbi ("RMB") which is not freely convertible into other currencies.

Pledged bank deposits, balances in saving account and short-term bank deposits carried effective interest at market rates which range from 0.01% to 4.00% (2008: 2.55% to 5.65%) per annum for the year.

25. TRADE AND BILLS PAYABLES, OTHER PAYABLES AND ACCRUALS

Trade and bills payables, other payables and accruals comprised amounts outstanding for the purchase and ongoing costs.

The aged analysis of trade and bills payables is stated as follows:

	2009	2008
	HK$'000	HK$'000
Trade payables:		
0 to 30 days	160,517	3,928
61 days to 90 days	29,140	—
91 days to 180 days	464	—
Bills payables:		
0 to 30 days	89,969	—
	280,090	3,928

The credit period on purchases of goods is 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

As at 31 March 2009, included in other payables and accruals are the director fees of HK$143,000 payable to all three independent non-executive directors. The balances are unsecured, non-interest bearing and repayable by the end of June 2009.

26. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments of the Group at 31 March 2009 comprise of long position in crude oil option contracts with strike price of US$4.2 per barrel and aggregate notional amount approximately US$210,000 with expiry date on 8th April, 2009 and short position in crude oil futures contracts with strike prices ranged from US$42 to US$55 per barrel and aggregate notional amount of approximately US$46,433,000 with expiry dates ranged from 8th April, 2009 to 18th May, 2009.

The derivative financial instruments are measured at fair value at 31 March 2009 which are the quoted market values at the balance sheet date.

Fair value changes on derivative financial instruments for the year represent the fair value changes on trading oil futures, forward swap and options.

27. SHARE CAPITAL

	Notes	Number of shares	Share capital
			HK$'000
Ordinary shares of HK$0.1 each			
Authorised:			
On date of incorporation and at 31 March 2008	(a)	3,800,000	380
Increase on 28th November, 2008	(b)	996,200,000	99,620
At 31 March 2009		1,000,000,000	100,000
Issued:			
2 shares allotted and issued nil paid on date of incorporation and at 31 March 2008	(a)	2	—
Issue of shares on Corporate Reorganisation	(c)	19,999,998	2,000
Issued on the Listing	(d)	100,000,000	10,000
Issued by capitalisation of the share premium account	(e)	280,000,000	28,000
At 31 March 2009		400,000,000	40,000

The share capital presented in the consolidated balance sheet as at 31 March 2008 represents the issued share capital of Santron Holdings Limited, the then holding company of the Group, of US$10,000 (equivalent to HK$78,000).

27. SHARE CAPITAL *(continued)*

Notes:

(a) The Company was incorporated in the Cayman Islands on 1st February, 2008 with an authorised share capital of HK$380,000, divided into 3,800,000 shares of HK$0.1 each. At the date of incorporation, 2 ordinary shares of HK$0.1 were issued at nil consideration to Forever Winner.

(b) Pursuant to the resolutions passed on 28th November, 2008, the authorised share capital of the Company was increased from HK$380,000 to HK$100,000,000 by the creation of additional 996,200,000 ordinary shares of HK$0.1 each.

(c) Pursuant to the Corporate Reorganisation, the Company allotted and issued 19,999,998 shares of HK$0.1 each of the Company to Forever Winner in exchange for the equity interests in the subsidiaries which were transferred to the Company on 28th November, 2008.

(d) On 12th January, 2009, the Company issued 100,000,000 new shares at HK$2.5 per share pursuant to the Listing and the Company's shares were listed on the Stock Exchange on the same date.

(e) Pursuant to the resolutions passed on 28th November, 2008, the Company allotted and issued an aggregate of 280,000,000 shares to Forever Winner by way of capitalisation from the amount standing to the credit of the share premium account of the Company amounting to HK$28,000,000 after the Listing.

All the shares which were issued during the year rank pari passu with the then existing shares in all respects.

28. DISPOSAL OF A SUBSIDIARY

On 26th November, 2008, as part of the Corporate Reorganisation, the Group disposed of its entire interests in a subsidiary, Strong Property Limited ("Strong Property") and assigned the loan due from Strong Property, to Active Tools Group Limited ("Active Tools"), a related company in which each of Mr. Wang and Mr. Yao has 50% beneficial interests, at a cash consideration of approximately HK$32,032,000. The net assets of Strong Property at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	16,886
Available-for-sale investments	1,200
Other receivables, deposits and prepayments	50
Held for trading investments	7,622
Deposits placed with brokers	4,303
Bank balances and cash	2,358
Other payables and accruals	(358)
Tax payable	(29)
Total consideration, satisfied by cash	32,032
Net cash inflow arising on disposal:	
Cash consideration	32,032
Bank balances and cash disposed of	(2,358)
	29,674

29. CAPITAL AND OTHER COMMITMENTS

As at 31 March 2009, the Group had authorised but not contracted for capital expenditure of approximately RMB94,287,000 (equivalent to approximately HK$106,072,000) (2008: RMB99,505,000 (equivalent to approximately HK$110,096,000)) in respect of the construction of the petroleum and petrochemical products storage facilities on the two leasehold land parcel acquired in Nantong City, Jiangsu Province, the PRC.

Pursuant to minute of the board of directors of Sinochem Tianjin Port Petrochemical Terminal Co., Ltd. dated 28th February, 2008, the shareholders of the Group's associate agreed to increase the total registered share capital of the Group's associate from RMB300 million to RMB628 million (equivalent to approximately HK$337 million to HK$706 million). Accordingly, the Group is required to pay an additional contributions of approximately RMB49.2 million (equivalent to approximately HK$55.3 million) on pro rata basis by June 2009 or other time approved by the relevant government authorities. The additional contributions has yet been paid as at 31 March 2009.

30. OPERATING LEASE COMMITMENTS

The Group as lessee

As at 31 March 2009, the Group had outstanding commitments under non-cancellable operating lease in respect of an oil tanker and rented office premises of approximately HK$16,724,000 (2008: HK$9,000), which expire within one year. Leases are negotiated and rentals are fixed for an average of one year.

The Group as lessor

Rental income earned from leasing car parking spaces was approximately HK$13,000 (2008: HK$15,000). All of the car parking spaces held have committed tenants for one month.

At the balance sheet dates, the Group had outstanding commitments under non-cancellable operating leases in respect of car parking spaces as follows:

	2009	2008
	HK$'000	HK$'000
Operating leases which expire within one year	**1**	2

31. RETIREMENT BENEFITS SCHEMES

The Group operates a MPF Scheme under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as at each balance sheet date.

The Group's subsidiary in the Macao, in compliance with the applicable regulations of the Macao, participated in a defined contribution pension scheme operated by the local government. The subsidiary is required to contribute a fixed amount for each employee. The only obligation of the Group with respect to the pension scheme is to make the specified contributions.

The Group's subsidiary in the PRC, in compliance with the applicable regulations of the PRC, participate in social insurance schemes operated by the relevant local government authorities. The insurance premium is borne by the Group on a specified proportion of the employees' salaries laid down under relevant PRC laws.

During the year, the total amount contributed by the Group to the schemes and cost charged to the consolidated income statement represents contribution paid or payable to the schemes by the Group at rates or amount specified in the rules of the scheme. The amount of contributions made by the Group in respect of retirement benefit scheme during the year is disclosed in note 10.

The Group has no significant obligation apart from the contribution as above at the balance sheet date.

32. RELATED PARTY TRANSACTIONS

The Group had entered into following related party transactions during the year.

(i) On 26th November, 2008, the Company disposed of its entire interest in a subsidiary, Strong Property and assigned the loan due from Strong Property to Active Tools, at a cash consideration of approximately HK$32,032,000.

(ii) For the period from 26th November, 2008 to 31 March 2009, the Group paid the rental expenses of approximately HK$914,500 to Strong Property for the use of office premises, staff quarters and motor vehicles.

(iii) As at 31 March 2008, the Group had banking facilities amounting to US$220,000,000 (equivalent to HK$1,716,000,000) that were secured by assets of and personal guarantee provided by Mr. Wang, one of the shareholders of the Company and Mr. Yao, one of the directors and the other shareholders of the Company. Such guarantees had been released upon the Listing.

Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the year were set out in notes 11 and 12.

The remuneration of key management personnel is determined by the directors of the Company having regard to the performance of individuals and market trends.

33. SHARE OPTION SCHEME

The Company's share option scheme ("Share Option Scheme") was approved and adopted by the written resolutions of the sole shareholder of the Company passed on 28th November, 2008, to recognise and acknowledge the contributions of selected participants to the growth of the Group.

The Board of Directors ("Board") may, in its absolute discretion, offer to grant options to any employee, executive and officer of the Group, any director (including non-executive director and independent non-executive director) and any adviser, consultant, supplier, customer and/or agent of the Group whom the Board considered have contributed or will contribute to the Group.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 10% of the total number of shares in issue as at the date on which the shares of the Company are listed on the Stock Exchange, excluding for this purpose shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company). The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised at any time under the Share Option Scheme shall not exceed 30% of the shares in issue of the Company from time to time.

33. SHARE OPTION SCHEME *(continued)*

The total number of shares issued and which fall to be issued upon the exercise of the options granted under the Share Option Scheme (including both exercised and outstanding options) to any individual in any 12-month period up to the date of offer to grant shall not exceed 1% of the shares of the Company in issue as at the date of offer to grant. Any further grant of options in excess of this 1% limit shall be subject to issuance of a circular by the Company and approved by the Company's shareholders in accordance with the Share Option Scheme. Options granted to connected persons in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Subject to the rules of the Share Option Scheme, options may be exercised, in whole or in part, at any time during the period from the date of acceptance of an offer of the grant of such option to the earlier of the date on which such option lapses and the tenth anniversary of the Share Option Scheme. Options granted must be accepted by the prescribed acceptance date. Upon acceptance of the option, the grantee shall pay HK$1 to the Company by way of consideration for the grant.

The exercise price is determined by the directors of the Company, and will not be less than the higher of the nominal value of the share, the closing price of the Company's shares on the date of offer; and the average closing price of the shares for the five business days immediately preceding the date of offer.

There were no option granted during the period from the date of adoption of the Share Option Scheme to the balance sheet date.

34. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries are as follows:

Name of the Company	Place of incorporation/ establishment	Equity interest attributable to the Group 2009	2008	Issued and fully paid share capital/ registered capital	Principal activities
		%	%		
Strait Petrochemical Holdings Limited	Cayman Islands	100	—	HK$0.2	Inactive
Wide Sea	British Virgin Islands ("BVI")	100	—	US$2	Investment holding
Keen Star Holdings Limited	BVI	100	—	US$1	Investment holding

34. PARTICULARS OF SUBSIDIARIES *(continued)*

Name of the Company	Place of incorporation/ establishment	Equity interest attributable to the Group 2009 %	Equity interest attributable to the Group 2008 %	Issued and fully paid share capital/ registered capital	Principal activities
Santron Holdings Limited	BVI	100	100	US$10,000	Investment holding
Strong Petrochemical Limited	Hong Kong	100	100	HK$20,000,000	Trading of petroleum products, crude oil and petrochemical product
Strong Petrochemical (Macao)	Macao	100	100	MOP100,000	Trading of petroleum products, crude oil and petrochemical product
Charming Energy Holdings Limited	BVI	100	100	US$2	Investment holding
Teamskill Investments Limited	BVI	100	100	US$1	Investment holding
Smart Team Investments Limited	Hong Kong	100	100	HK$10,000	Investment holding
南通潤德石油化工有限公司# Strong Petrochemical (Nantong) Logistics Co., Limited*	PRC	100	100	US$5,000,000	Provision of petroleum and petrochemical products storage services

34. PARTICULARS OF SUBSIDIARIES *(continued)*

Name of the Company	Place of incorporation/ establishment	Equity interest attributable to the Group 2009	2008	Issued and fully paid share capital/ registered capital	Principal activities
		%	%		
Strong Petrochemical (Asia) Company Limited	Hong Kong	100	—	HK$1	Not yet commence business
Perlama Corporation	Panama	100	—	US$1	Not yet commence business

All of the subsidiaries are owned indirectly by the Company except for Wide Sea which is owned directly by the Company.

* The English name of this entity established in the PRC is for identification purpose only.

Wholly foreign owned enterprise registered in the PRC.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

35. POST BALANCE SHEET EVENTS

The following significant events took place subsequent to 31 March 2009:

(1) On 20th April, 2009, Perlama Corporation, an indirectly wholly-owned subsidiary of the Company, entered into a legally binding sales and purchase agreement with Golden Sunray S.A. for the acquisition of an oil tanker for a consideration of US$ 24,000,000 (approximately HK$187,200,000). The acquisition is completed on 29 June, 2009.

(2) On 7th May, 2009, the Company granted 40,000,000 share options to certain employees and directors of the Group under the Share Option Scheme at an exercise price of HK$2.58 per share. The grantees of share option were entitled to exercise a maximum of 40% of the share options after 8th May, 2009; another 30% after 8th May, 2010 and the remaining 30% after the expiration of twelve months from 8th May, 2011. All share options are exercisable not later than 28th November, 2018. The fair value of the share options granted, estimated by the directors of the Company using the Black-Scholes option pricing model, is approximately HK$2,280,000. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

Financial Summary

	For the year ended 31 March			
	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**5,992,151**	4,211,182	5,138,697	5,328,270
Gross Profit	**171,926**	108,169	187,449	97,999
Profit before taxation	**333,199**	93,502	143,261	85,043
Profit for the year	**329,474**	92,691	135,771	81,269
Basic earnings per share	**HK$1.02**	HK$0.31	HK$0.45	HK$0.27

	As at 31 March			
	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**912,896**	311,886	272,861	645,500
Total liabilities	**(338,787)**	(77,281)	(23,450)	(453,860)
Net assets	**574,109**	234,605	249,411	191,640

Note:

The Company was incorporated in the Cayman Islands on 1 February 2008 and became the holding company of the Group on 28 November 2008 pursuant to a corporate reorganization as set out in the prospectus dated 23 December 2008 issued by the Company.

The results of the Group for each of the four years ended 31 March 2009 and the assets and liabilities of the Group as at 31 March 2006, 2007, 2008 have been prepared on a combined basis as if the Group structure had been in existence at those dates and have been extracted from the Propectus.

The calculation of the basic earnings per share for each of the four years ended 31 March 2009, 2008, 2007, 2006 are based on the consolidated profit attributable to equity holders of the Company for the respective years.

Financial Extract

	As at 31 March		
	2009	2008	%
	HK$'000	HK$'000	
Financial Position			
Total assets	**912,896**	311,886	192.7
Net assets	**574,109**	234,605	144.7
Net current assets	**476,577**	124,920	281.5
Bank balances and cash	**228,149**	80,996	181.7
Trade and bills receivables	**460,747**	63,027	631.0
Trade and bills payables	**280,090**	3,928	7,030.6

	For the year ended 31 March		
	2009	2008	%
	HK$'000	HK$'000	
Operating Results			
Revenue	**5,992,151**	4,211,182	42.3
Gross profit	**171,926**	108,169	58.9
Profit before taxation	**333,199**	93,502	256.4
Profit for the year	**329,474**	92,691	255.5
Basic earnings per share	**HK$1.02**	HK$0.31	229.0
Net assets value per share	**HK$1.78**	HK$0.8	128.2
Key statistics	**%**	%	
GP ratio	**2.87**	2.57	0.30
Net profit margin	**5.50**	2.20	3.30
Retuen on equity	**57.39**	39.51	17.88

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	our board of Directors
"Director(s)"	the director(s) of our Company, or any one of them, as the context requires
"Five State-owned Licensed Import Agents"	the five state-owned oil companies, namely, China International United Petroleum & Chemicals Co., Ltd (UNIPEC) as import window of China & Chemical Corporation (SINOPEC), Sinochem International Oil Company (SINOCHEM), China National United Oil Corporation (PETROCHINA), China National Offshore Oil Corporation (CNOOC) and Zhuhai Zheng Rong Company, and their respective associates which each has a licence to import crude oil and petroleum products in the PRC
"Group"	except where the context otherwise requires, references to "Group", include one or more of our Company and all of its subsidiaries. In respect of any time before our Company became the holding company of its present subsidiaries, references to the "Group", include the businesses in which the predecessors or subsidiaries or our Company were engaged in and which were subsequently assumed by our Company
"Macao"	the Macao Special Administrative Region of the People's Republic of China
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"Mr. Wang"	Mr. Wang Jian Sheng (王健生), the chairman of the Board, an executive Director and one of our Controlling Shareholders
"Mr. Yao"	Mr. Yao Guoliang (姚國梁), our chief executive officer, an executive Director and one of our Controlling Shareholders
"Nantong Project"	the development of storage of petrochemical and petroleum products business in Nantong City, Jiangsu Province, the PRC
"Oil Majors"	the six largest global energy companies known as (i) ExxonMobil, (ii) British Petroleum, (iii) Royal Dutch Shell, (iv) Total S.A., (v) Chevron Corporation, and (vi) ConocoPhillips

"PRC" or "China"	the People's Republic of China which, for the purpose of this prospectus and except where the context otherwise requires, does not include Hong Kong, Macao, and Taiwan
"subsidiary(ies)"	has the meaning ascribed to it under section 2 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Tianjin Project"	the establishment and operation of storage facilities for crude oil, petroleum products and petrochemical products by the Tianjin Company in 天津市南疆港區 (Tianjin Nanjiang Port Zone)