中聯能源投資集團有限公司

Sino Union Energy Investment Group Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 00346

ANNUAL REPORT 2011

Contents

Corporate Information

EXECUTIVE DIRECTORS
Dr. Zhuo Ze Fan
(Chairman & Chief Executive Officer)
Dr. William Rakotoarisaina *(Vice Chairman)*
Mr. Shen Hao
Mr. Feng Da Wei
Mr. Li Jiangdong
Mr. Hu Zongmin
Ms. Xie Yiping
Mr. Liu Xingyuan

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Ng Wing Ka
Mr. Leung Ting Yuk
Mr. Ng Tang

COMPANY SECRETARY
Mr. Law Hing Lam

AUDIT COMMITTEE
Mr. Leung Ting Yuk *(Chairman)*
Mr. Ng Wing Ka
Mr. Ng Tang

REMUNERATION COMMITTEE
Mr. Ng Tang *(Chairman)*
Mr. Leung Ting Yuk
Ms. Xie Yiping

NOMINATION COMMITTEE
Mr. Ng Wing Ka *(Chairman)*
Mr. Ng Tang
Ms. Xie Yiping

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Suite 1512
15th Floor
One Pacific Place
88 Queensway
Hong Kong

AUTHORISED REPRESENTATIVES
Dr. Zhuo Ze Fan
Mr. Law Hing Lam

PRINCIPAL BANKERS
Shenzhen Ping An Bank
DBS Bank (Hong Kong) Limited

AUDITORS
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
31st Floor, Gloucester Tower
The Landmark, 11 Pedder Street
Central
Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
HSBC Securities Services (Bermuda) Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Tengis Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

STOCK CODE
00346

WEBSITE
www.sueig.com

Chairman's Statement

On behalf of the board (the "Board") of directors (the "Director(s)") of Sino Union Energy Investment Group Limited (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (together "the Group") for the year ended 31 March 2011. For the year under review, turnover of the Group from the trading of fuel oil was approximately HK$1,020,769,000, as compared to that of approximately HK$1,039,758,000 for the previous year. The Group achieved a turnaround from the loss of approximately HK$47,343,000 last year to the profit of approximately HK$23,013,000 this year.

The Group is principally engaged in the activities of: (i) investments in the oil, gas and energy related business; (ii) oil and gas exploration, exploitation and operation; and (iii) trading of fuel oil.

BUSINESS REVIEW

Drilling works in the oilfield blocks in Madagascar

The Group currently holds two onshore oilfield blocks in Madagascar, namely Oilfield Block 3113 and Oilfield Block 2104, with areas of 8,320 square km and 20,100 square km respectively.

The Group together with its investing partners, Shaanxi Yanchang Petroleum (Group) Co., Limited ("Yanchang Petroleum") and ECO Energy (International) Investments Limited ("ECO Energy"), has so far invested over US$70,000,000 for the exploration of the oilfield blocks in Madagascar. Yunnan Kaiyuan Petroleum and Natural Gas Exploration Engineering Company Limited contracted for the drilling of the first batch SKL-2 well, whereas China Petroleum & Chemical Corporation Zhongyuan Petroleum Bureau has been contracted for the drilling of the second batch of 3 wells (respectively SKL-2n, BKM-1 and BKM-2) of Oilfield Block 3113 in Madagascar.

The first batch SKL-2 well drilling in Oilfield Block 3113 had been successfully completed. 31 oil reservoirs with total thickness of 85 m had been discovered after drilling to the depth range of 3,286 m to 3,626 m and the oil in the reservoirs is in the desirable category of light oil. The second batch drilling works had commenced in September 2010, and the drilling of first well – SKL-2n had been successfully completed in February 2011. The drilling works of SKL-2n well had reached 4,450 m of the targeted engineering designed depth, 31 oil reservoirs with total thickness of 76 m had been discovered with the oil in the reservoirs of the desirable light oil category.

In acknowledgement of the drilling works of SKL-2n well, Office Des Mines Nationales Et Des Industries Strategiques ("OMNIS") in May 2011 had sent officials to Xian to meet with the members of the Oilfield Block 3113 joint management committee ("3113 Joint Management Committee") and express its recognition of the drilling technology and results in respect of SKL-2n well. In addition, OMNIS had highly appraised the Group's investments in and business development of the oilfield blocks in Madagascar. Besides, the second batch drilling works of the second well – BKM-2, had commenced in March 2011. All the drilling works related to BKM-2 well had been successfully completed in May 2011 which had been drilled to reach the targeted engineering designed depth of 2,978 m.

On the other hand, satisfactory results in the drilling works of 5 wells with depth range of 67 m to 2,153 m had been obtained in Oilfield Block 2104, while oil and gas were discovered in 3 wells with depth range of 450 m to 2,153 m.

Chairman's Statement

Strengthening the business co-operation and strategic relationship with Yanchang Petroleum

In order to tighten the relationship as a shareholder and business partner of the Company, so as to further strengthen the business co-operation and open up more business opportunities in the future with Yanchang Petroleum, the Company granted Yanchang Petroleum 1,000,000,000 share options with the right to subscribe for up to a maximum of 1,000,000,000 shares of the Company at the exercise price of HK$0.716 each pursuant to a share option agreement entered into on 29 April 2011. The grant of share options will provide incentive to Yanchang Petroleum for its further involvement in the business growth of the Group in the long run, with an aim to increase the shareholders' value and return. Besides, the exercise of share options, if any, by Yanchang Petroleum will improve the financial position of the Group.

Given that Yanchang Petroleum is one of the major state-owned oil and gas corporations in the PRC with principal activities of exploration, exploitation, refinery, processing and sales of oil, gas and petrochemical products, which also owns sizeable oil and natural gas resources assets both in the PRC and overseas. Yanchang Petroleum will closely co-operate and support the development of the Group's oil and energy related business both in the PRC and overseas, while Yanchang Petroleum through the Group as a platform will further enhance and develop its existing and international business. Both the Group and Yanchang Petroleum have confidence and capabilities to further develop the Group's business which in turn, will enhance both revenue base and profitability of the Group. Leveraging on the strength and support on the Group's business from Yanchang Petroleum, a state-owned oil corporation with large-scale operation, the Group will certainly achieve significant improvements on its business operation.

CHANGE OF MANAGEMENT

During the year, Dr. Hui Chi Ming tendered his resignation as the chairman and executive Director of the Company; Mr. Cheung Shing tendered his resignation as the deputy chairman and executive Director of the Company, and Ms. Ohei Fibiolla Irianni, Mr. Cui Yeng Xu, Dr. Ching Men Ky, Carl and Dr. Chui Say Hoe tendered their resignation as the executive Director of the Company; Mr. Wang Sen Hao and Mr. Bian Qijun retired as the executive Director of the Company; and Dr. Yu Sun Say retired as the independent non-executive Director (the "INED") of the Company. On 27 April 2011, Dr. Wang Tao tendered his resignation of honorary chairman and executive Director of the Company.

In place of those resigned and retired Directors, Dr. Zhou Ze Fan has been appointed as the chairman, chief executive officer and executive Director of the Company; Dr. William Rakotoarisaina has been appointed as the vice chairman and executive Director of the Company; Mr. Li Jiangdong, Mr. Hu Zongmin, Ms. Xie Yiping and Mr. Liu Xingyuan have been appointed as the executive Director of the Company; and Mr. Ng Tang has been appointed as the INED of the Company.

Apart from the above newly appointed Directors, additional senior management staff of diversified experience and expertise has been employed to cope with the business development of the Group. With smooth changeover, the Board believes that the change of management will not pose any material adverse impact on the daily operation, management and development of the Group, but instead will provide new elements and strength, which in turn will create value to the Group.

Chairman's Statement

OUTLOOK

Having disposed the polyurethane materials business, the Group with the support from Yanchang Petroleum (both as a substantial shareholder and strategic business partner) will focus on its oil and gas business, especially the exploration, exploitation and operation of the oilfield blocks in Madagascar.

As the global economy is on the path to recovery and global consumption growth over the next few years is expected to return to rates seen before the onset of the global downturn in 2008, global oil and gas industry continues to grow despite the volatile crude oil price resulted from factors like geopolitics and speculative trades throughout the year. Coupled with the Japan's nuclear crisis, the crude oil price has risen to current level of around US$90 per barrel and is expected to be maintained at more or less the same level in the foreseeable future. The robust demand and increasing price of crude oil will in turn benefit the Group's oil trading business and enhance the valuation of the Group's oilfield blocks in Madagascar.

The Board is confident and optimistic in the Group's oil and gas business as well as the development of the oilfield blocks in Madagascar. While the Board will continue to pursue suitable business and investment opportunities for the growth and expansion of the Group's oil and gas business.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to the Directors, the management team, all staff member, customers, suppliers, business partners, bankers and shareholders for their support and contribution to the Group over the years.

Dr. Zhuo Ze Fan
Chairman

Hong Kong, 28 June 2011

Management Discussion and Analysis

FINANCIAL REVIEW

Highlights on Financial Results

	Year ended 31 March	
	2011	2010
	HK$'000	*HK$'000*
Turnover	**1,020,769**	1,039,758
Profit from trading of fuel oil	**22,853**	28,450
Other revenue, gains and losses	**34,580**	(17,262)
Administrative expenses	**(30,221)**	(36,029)
Equity-settled share option expenses	**(1,877)**	(18,000)
Finance costs	**–**	(1,954)
Taxation	**(2,322)**	(2,548)
Profit/(loss) for the year	**23,013**	(47,343)
Basic earnings/(loss) per share	**0.37 cents**	(0.78) cents

During the year under review, the Group's operating segments comprise (i) supply and procurement of fuel oil and (ii) oil and gas exploration, exploitation and operation. All the turnover of the Group was derived from fuel oil trading business in the PRC.

For the year ended 31 March 2011, the Group recorded a turnover of approximately HK$1,020,769,000 (2010: HK$1,039,758,000) from trading of fuel oil which contributed trading profit of approximately HK$22,853,000 (2010: HK$28,450,000).

In addition to the profit from trading of fuel oil, there were other gains arising from: (i) approximately HK$18,684,000 on disposal of polyurethane materials business and (ii) HK$20,000,000 on compensation from the termination of coal business co-operation.

With effective cost control implemented by the Group, administrative expenses had been reduced from last year of approximately HK$36,029,000 to the current year of approximately HK$30,221,000 and realised a saving of approximately HK$5,808,000.

Equity-settled share option expenses had been significantly reduced to approximately HK$1,877,000, which was merely a non-cash accounting charge, incurred in respect of 12,000,000 share options granted during the year.

Since all the outstanding convertible bonds had been redeemed last year, no more finance costs arising from the imputed interests of convertible bonds had been incurred for the year under review.

The Group managed to turnaround from a loss for the last year of approximately HK$47,343,000 to a profit for the current year of approximately HK$23,013,000, with basic earnings per share amounted to HK0.37 cents (2010: Basic loss per share of HK0.78 cents).

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Highlights on Financial Position

	As at 31 March	
	2011	2010
	HK$'000	*HK$'000*
Investment property	**7,800**	9,360
Intangible asset	**40,000**	43,000
Exploration and evaluation assets	**8,481,756**	8,481,756
Trade receivables	**91,166**	53,921
Prepayments, deposits and other receivables	**136,266**	16,162
Cash and bank balances	**103,000**	119,668
Trade and other payables	**89,683**	74,036

Investment property had been reduced by the amount of HK$1,560,000 as compared to the balance stated at 31 March 2010 which was due to the decrease in fair value of the property in Madagascar.

Intangible asset represents a petroleum related business license which allows the Group to carry on the business of import, transportation and distribution of petroleum and gas in Madagascar, and which had been impaired by the amount of HK$3,000,000 for the year under review.

Exploration and evaluation assets represent the valuation of the Group's investment in Oilfield Block 2014 and Oilfield Block 3113 in Madagascar.

The trade receivables increased by 69.1% to approximately HK$91,166,000 as at 31 March 2011 (2010: HK$53,921,000) and the whole amount due had been fully received subsequent to 31 March 2011.

Prepayments, deposits and other receivables represented mainly (i) approximately HK$109,470,000, in accordance with the Group's proportionate share, injected into the 3113 Joint Management Committee for the exploration and development of 3113 Oilfield Block and (ii) the trade deposits of approximately HK$24,850,000 paid to the fuel oil supplier.

As at the year end, cash and bank balances of approximately HK$103,000,000 maintained adequately the same level as that of last year (2010: 119,668,000).

As at 31 March 2011, trade and other payables of approximately HK$89,683,000 (2010: HK$74,036,000) represented mainly the trade payables to the supplier of fuel oil trading business which had been fully settled subsequent to the year end.

LIQUIDITY AND FINANCIAL RESOURCES

The Group funded its operation by its internal resources and cash generated from its operating activities.

During the year, the Company raised approximately HK$139,050,000 through a private placement of 206,000,000 shares of the Company at HK$0.675 each to an independent institutional investor and the net proceeds of approximately the same amount were substantially used as intended on the exploration of the oilfield blocks in Madagascar.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES *(Continued)*

Given the Group had terminated the coal business co-operation with the independent third parties in October 2010, compensation of HK$20,000,000 had been received in full by the Group for its economic loss of, and negative impact on, the failure in commencing the coal business. Besides, the related capital injection of HK$20,000,000 to the proposed sino-foreign joint venture had been also returned to the Group.

	As at 31 March	
	2011	2010
	HK$'000	*HK$'000*
Current assets	**331,854**	204,786
Total assets	**8,865,888**	8,741,994
Current liabilities	**104,521**	132,839
Total liabilities	**105,866**	134,605
Total equity	**8,760,022**	8,607,389
Gearing ratio	**1.2%**	1.6%
Current ratio	**318%**	154%

As at 31 March 2011, the Group had total assets of approximately HK$8,865,888,000 (2010: HK$8,741,994,000) and current assets of approximately HK$331,854,000 (2010: HK$204,786,000). Total liabilities of the Group were approximately HK$105,866,000 (2010: HK$134,605,000), and current liabilities were approximately HK$104,521,000 (2010: HK$132,839,000).

The Group did not have any outstanding bank borrowings as at 31 March 2011 (2010: Nil) and does not have any borrowing requirements at present. As at the year end, the Group had a cash and bank balance of approximately HK$103,000,000 (2010: HK$119,668,000). The Group has sufficient working capital to finance its business operation.

As at 31 March 2011, the extreme low gearing ratio of 1.2% (2010: 1.6%), measured on the basis of total liabilities as a percentage of total equity, together with the satisfactory current ratio of 318% (2010: 154%), measured on the basis of current assets as a percentage of current liabilities, reflects that the Group has maintained a healthy liquidity and financial position.

TREASURY MANAGEMENT AND POLICIES

The Group adopts a prudent approach for its cash management and risk control. The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. In order to achieve better risk control and efficient fund management, the Group's treasury activities are centralised.

Cash has been generally placed in short-term deposits denominated in Hong Kong dollar, United States dollar and Renminbi. In view of no borrowing requirements at present and current low interest rates, the Group does not foresee any significant interest rate risks. Since the Group's transactions and investment are mostly denominated in Hong Kong dollar, United States dollar and Renminbi, the Group does not anticipate any material foreign exchange exposures and risks.

Management Discussion and Analysis

During the year under review, no hedging transactions related to foreign exchange and interest risks had been made, proper steps will be in place when the management considers appropriate.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group entered into an agreement in April 2010 for the acquisition of certain patents ("Patents Acquisition") in respect of the solar power pest control products from an independent vendor for a total consideration of RMB140,000,000. The Group later on noticed potential legal risk associated with the Patents Acquisition, thereby the Group entered into a supplemental agreement on 16 June 2010 with the vendor to terminate the Patents Acquisition.

During the year, the Group disposed of its entire equity interest in Market Reach Group Limited and Harvest Star Investment Limited with their respective subsidiaries, which were previously engaged in the trading business of polyurethane materials, to an independent third party and realised a gain of approximately HK$18,684,000.

On 22 September 2010, the Group entered into a non-legally binding framework agreement with Taiyuan City Cheng Cheng Petroleum Limited ("Cheng Cheng Petroleum") for a possible investment of 65% equity interest in Cheng Cheng Petroleum by way of capital injection of RMB200,000,000. Detail terms of the investment are still in negotiation and no definitive agreement has been reached as at 31 March 2011.

Save as the aforesaid, the Group had no other material acquisitions and disposals for the year under review.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments during the year under review.

CAPITAL COMMITMENT

Shaanxi Sino Union Energy Limited was incorporated and registered as a sino-foreign equity joint venture in the PRC, 95% in which the Group is interested. The registered capital of the joint venture amounted to RMB30,000,000 and the Group has the commitment to contribute RMB28,500,000 for its 95% interests. The outstanding registered capital not yet injected by the Group is RMB22,750,000 as at 31 March 2011.

Save as the aforesaid, the Group did not have any other material commitments as at 31 March 2011.

PLEDGE OF ASSETS

As at 31 March 2011, none of the Group's assets had been pledged (2010: Nil).

CONTINGENT LIABILITY

As at 31 March 2011, the Group did not have any significant contingent liabilities (2010: Nil).

Management Discussion and Analysis

LITIGATION

As at 31 March 2011, the Group had no litigation.

EVENT AFTER THE REPORTING PERIOD

Subsequent to the year end, on 29 April 2011, the Company entered into a share option agreement with Yanchang Petroleum, pursuant to which the Company has granted to Yanchang Petroleum 1,000,000,000 share options with the right to subscribe for up to a maximum of 1,000,000,000 shares of the Company at the exercise price of HK$0.716 each.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2011, the Group's total number of staff was 48 (2010: 52). Salaries of employees are maintained at a competitive level with total staff costs (excluding the equity-settled Share Option expenses) for the year ended 31 March 2011 amounted to approximately HK$12,840,000 (2010: HK$14,981,000). Remuneration policy is based on principle of equality, motivation, performance and prevailing market practice and remuneration packages are normally reviewed on an annual basis. Other staff benefits including provident fund, medical insurance coverage and share option scheme are offered to employees. During the year, 12,000,000 share options were granted to the eligible participants under the Company's share option scheme and there were outstanding share options of 41,000,000 as at 31 March 2011 (2010: 29,000,000).

Directors' and Senior Management's Biographies

EXECUTIVE DIRECTORS

Dr. ZHUO Ze Fan

Aged 40, was appointed as an executive Director and the chairman of the Board on 30 July 2010 and was then appointed as the chief executive officer (the "CEO") of the Company on 25 November 2010. Dr. Zhuo is primarily responsible for the corporate planning, overall strategic direction of the Group and taking a leading role in managing and overseeing the day-to-day business operations of the Group.

Dr. Zhuo holds a master degree in Business Administration from Northwest University in the PRC and a doctorate degree in Business Administration from West Coast University in the United States of America. He has over 18 years' experience in professional investment, mergers and acquisitions covering a wide range of businesses including petroleum and chemical, metal mining, finance and securities, real estate, modern agriculture and television media. Dr. Zhuo owned six patents of device, and developed the study of carbon measurement in soil nutrition (碳基營養計量學說) using carbon dioxide to develop new type of potassium carbonate fertilizer; the study of which published in the journal of China JiaYan Industry (中國鉀鹽工業雜誌). Dr. Zhuo was granted the "National Scientific and Technological Progress Second Prize in Shaanxi Province" (陝西省科技進步二等獎) in year 2003 and an honor of "The Outstanding Contributions Experts in Shaanxi Province" (陝西省突出貢獻專家) in year 2006 by Shaanxi Provincial People's Government. Dr. Zhuo is an associate member of Global Investor in Geneva (日內瓦全球發明家工會) and an international patent affairs valuer (國際專利事務評估師) on World Patent Assessment and Promotion Committee (世界專利交易評估及促進委員會). Dr. Zhuo is currently the vice chairman of the national organization of agriculture industry under All-China Federation of Industry & Commerce (全國工商聯農業產業商會), the member of Shaanxi Provincial Political Consultative Committee (陝西省政協委員會), the executive vice president of HK (Xi'an) Trade Association Limited (香港(西安)商會), the honor chairman of MBA Association of Northwest University in China (中國西北大學MBA聯合會) and the founder of Chunshan Education Foundation in Hong Kong. Dr. Zhuo is a senior consultant of Hydrocarbon and Mining Department in the Republic of Madagascar, he is also the chairman of the board of Shaanxi Daqinling Energy Investment Group Company Limited (陝西大秦岭能源投資集團有限公司) and Shaanxi Daqinling Energy Investment Holding Company Limited (陝西大秦岭能源投資控股有限公司), the president and general manager of Juchuan International Investment Limited (巨川國際投資有限公司). Dr. Zhuo was the chairman of the board of China Nonferrous Metals Company Limited, a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange".) He was also the director of Shaanxi Xiying Company Limited (陝西西影股份有限公司), the vice general manager of Jianxing Lixin Investment Corporation (建行利信投資公司) in Shaanxi Province, the vice president of Xian Gold Investment Corporation (西安金業投資公司), the vice president of Shaanxi Jinrun Properties Company Limited (陝西金潤物業有限公司) and the president of Xian Huifu Investment Consulting Company Limited (西安滙富投資顧問有限公司). Save as the aforesaid, Dr. Zhuo did not have any directorship in other listed companies in the past three years. Dr. Zhuo currently also holds directorship of certain subsidiaries of the Company.

With effect from 1 October 2010, the annual emolument paid by the Company for Dr. Zhuo has been revised to HK$249,600.

Directors' and Senior Management's Biographies

EXECUTIVE DIRECTORS *(Continued)*

Dr. William RAKOTOARISAINA

Aged 51, was appointed as an executive Director and the vice chairman of the Board on 30 July 2010. Dr. Rakotoarisaina holds a doctorate degree in Medicine from Universite Pierre et Marie Curie France. He was educated and worked in the fields of political and business affairs in the metropolis of the Republic of Madagascar. Dr. Rakotoarisaina has a good relationship with the fields of political and business affairs in both the Republic of Madagascar and France. Dr. Rakotoarisaina has over 30 years' leading experience in capital and securities project planning, investment and operation of real estate and retail promotion in the department stores in France, the Republic of Madagascar, Singapore and Taiwan, etc. Dr. Rakotoarisaina was the special advisor to Derli Investment Limited（德利投資有限公司）in Singapore, to the chairman of Durban Group（德安開發股份有限公司）in Taiwan, to the chairman and general manager of Sincere Department Store in Taiwan. He is currently the economic advisor to the prime minister in the Republic of Madagascar. Save as the aforesaid, Dr. Rakotoarisaina did not have any directorship in other listed companies in the past three years.

With effect from 1 October 2010, the annual emolument paid by the Company for Dr. Rakotoarisaina has been revised to HK$249,600.

Mr. SHEN Hao

Aged 58, was appointed as an executive Director on 11 January 2010. Mr. Shen holds a postgraduate qualification and is a senior engineer. He is currently the chairman of Yanchang Petroleum and is the party committee secretary. Mr. Shen is the leader of several government departments and state-owned enterprises which engaged in oil and natural gas exploration and exploitation, and coal chemical production and operation. He has abundant leadership experience in the oil, gas and coal chemical industries. He was the president of 陝西銅川礦務局 (Tongchuan Mining Bureau of Shaanxi), vice general manager of 陝西省煤炭運銷（集團）有限責任公司 (Shaanxi Coal Transportation of Marketing (Group) Limited), the chairman of 陝西省彬長礦區開發建設公司 (Shaanxi Binchang Mining Development and Construction Company), the chairman of 陝西省煤業集團 (Shaanxi Coal Industrial Group) and the chairman of 陝西省煤業化工集團有限責任公司 (Shaanxi Coal Chemical and Industrial Group Limited). He was the representative of the 17th National Congress of the Communist Party of China, the representative of the 11th Provincial Party Congress, and the alternate member of the Commission of Communist Party of Shaanxi Province and the representative of the 9th and 11th People's Congress of Shaanxi Province and the committee member of the 9th Chinese People's Political Consultative Conference. Mr. Shen was elected the executive vice president of China Petroleum Enterprise Association in September 2009. Mr. Shen did not have any directorship in other listed companies in the past three years.

With effect from 1 October 2010, the annual emolument paid by the Company for Mr. Shen has been revised to HK$249,600.

Directors' and Senior Management's Biographies

EXECUTIVE DIRECTORS *(Continued)*

Mr. FENG Da Wei

Aged 54, was appointed as an executive Director on 11 January 2010. Mr. Feng holds a bachelor degree in Northwestern Polytechnical University in the PRC and a master degree in chemical engineering. He is a senior engineer and has decades of leadership experience and professional knowledge in oil and natural gas exploration, exploitation and processing, petrochemical and coal chemical. He is currently the deputy general manager of Yanchang Petroleum and the party committee member of the Communist Party. He was the vice president and president of planning office of 陝西省石油化學工業局規劃處 (Shaanxi Petroleum Chemical and Industrial Bureau) and the deputy general manager of 陝西省延長石油工業集團公司 (Shaanxi Yanchang Petroleum Industrial Group Company).

With effect from 1 October 2010, the annual emolument paid by the Company for Mr. Feng has been revised to HK$249,600.

Mr. LI Jiangdong

Aged 66, was appointed as an executive Director on 6 October 2010. Mr. Li graduated from the Department of Aerospace Engineering of Harbin Military Engineering Institute（哈爾濱軍事工程學院）in the PRC. Mr. Li is a senior engineer and has decades of experience in leadership and expertise in government administration and international trade. Mr. Li was the general manager of China Electronics Import and Export Shaanxi Company（中國電子進出口陝西公司）, the managing director of Lishan Company Limited (window company of Shaanxi Province in Hong Kong), the director of Eastern Wide Holdings Limited. He had been an independent director of Xian Kai Yuan Investment Group Co., Limited（西安開元投資集團股份有限公司）(a company listed on the Shenzhen Stock Exchange) during the period from 8 June 2005 to 20 May 2009. Mr. Li was a member of the 9th Shaanxi Provincial Political Consultative Committee（陝西省第9屆政協委員）and the executive director of Shaanxi Overseas Friendship Association（陝西海外聯誼會）. Save as the aforesaid, he did not hold any directorship in other listed companies during the past three years.

Directors' and Senior Management's Biographies

EXECUTIVE DIRECTORS *(Continued)*

Mr. HU Zongmin

Aged 65, was appointed as an executive Director on 6 October 2010. Mr. Hu graduated from the Department of Refining of Beijing Petroleum Institute (now known as China University of Petroleum). Mr. Hu is currently the chief engineer of Qilu Petrochemical Qingdao Branch Company（齊魯石化青島分公司）and has forty years professional and leadership experience in petrochemical and refining. Mr. Hu was the senior engineer of Shengli Refinery（勝利煉油廠）; the chief engineer of the leading group of Qingdao Refinery Project（青島大煉油項目領導小組）(the leading agency for preparation of the project in Shandong Province); Qirun Petrochemical Company（齊潤石化公司）(a joint venture of Hong Kong China Resources and China Petroleum & Chemical Corporation Qilu Branch（中石化齊魯公司）). Mr. Hu participated in the renovation of project design, construction and commissioning of production and related works in Shengli Refinery（勝利煉油廠）; organized and leaded more than 30 projects relating to the transformation of standard technology public relation unit in Qilun Petrochemical, organized and implemented 100,000 m^3 oil depot in Qilun Petrochemical, the first stop of the long pipeline construction, and succeeded in one time to put into use; also led the overall planning and design of the 2,700,000 m^3 liquid chemical and petrochemical tank storage area in Yantai Port Terminal（煙臺港）, the overall planning and feasibility studies of the long pipeline from Yantai（煙臺）to Zibo（淄博）; the project planning, design, construction and production management of the 50,000 tons of sulfur and tail gas and other related works in Changyi Petrochemical Company（中化昌邑石化公司）. The petrochemical technology projects implemented under the leadership of Mr. Hu had won from the Government and China Petroleum & Chemical Corporation and other organizations a number of Technical Progress Award. Mr. Hu did not hold any directorship in other listed companies during the past three years.

Ms. XIE Yiping

Aged 48, was appointed as an executive Director on 6 October 2010. Ms. Xie is also a member each of the remuneration committee and the nomination committee of the Company. Ms. Xie holds a bachelor degree in accounting. Ms. Xie has been engaged in the fields of finance and investment management for more than 20 years. She is currently the financial controller each of Shaanxi Daqinling Energy Investment Group Limited（陝西大秦嶺能源投資集團有限公司）, Shaanxi Daqinling Energy Investment Holding Company Limited（陝西大秦嶺能源投資控股有限公司）and Juchuan International Investment Limited（巨川國際投資有限公司）, the executive director of China Nonferrous Metals Company Limited (a company listed on the Stock Exchange). Ms. Xie had engaged in finance and investment management fields in the Building Research Institute of Shaanxi Province（陝西省建築研究院）, Xian Hong Fu Group（西安市宏府集團）, Shanshan Group（杉杉集團）and other large state-owned enterprises and private enterprises. She has extensive experience in the fields of investment and finance. She had participated in the projects development, securities restructuring, operating system, venture investment research, analysis and assessment, and counseling of listed securities, and accomplished the overseas listing audit of the relevant group companies, evaluation and other listing related works. Save as the aforesaid, Ms. Xie did not hold any directorship in other listed companies during the past three years. Ms. Xie currently also holds directorship of certain subsidiaries of the Company.

Directors' and Senior Management's Biographies

EXECUTIVE DIRECTORS *(Continued)*

Mr. LIU Xingyuan

Aged 50, was appointed as an executive Director on 28 February 2011. Mr. Liu graduated from the 中南財經大學 (Zhongnan University of Economics) with a bachelor degree in Economic Management. Mr. Liu is an economist and has over 20 years' experience and professional knowledge in executive leadership in the PRC's government, economic management and financial investment business. Mr. Liu is currently the chairman of the board of 中國君恒海外投資有限公司 (China Junheng Foreign Investment Company Limited) and the vice president and secretary of 東方研究院（上海）(Academy of Oriental Shanghai). Mr. Liu did not have any directorship in other listed companies in the past three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. NG Wing Ka

Aged 42, was appointed as an INED on 7 January 2005. Mr. Ng is also the chairman of the nomination committee and a member of the audit committee of the Company. Mr. Ng graduated with a Bachelor of Laws degree and a Post-graduated Certified in Laws Degree from The University of Hong Kong. He is the partner of Tung, Ng, Tse & Heung, Solicitors. He is now the legal adviser as to Hong Kong laws of the Foreign Economics and Trade Committee of the People's Government of Chongqing City（重慶市對外經濟貿易委員會）and 中豪律師事務所 in Chongqing City, the PRC. Mr. Ng is also the vice president of The Chinese Manufacturers' Association of Hong Kong and a member of the Chinese People's Political Consultative Conference of Chongqing City, the PRC. Mr. Ng did not have any directorship in other listed companies in the past three years.

Mr. LEUNG Ting Yuk

Aged 36, was appointed as an INED on 3 December 2009. Mr. Leung is also the chairman of the audit committee and a member of the remuneration committee of the Company. Mr. Leung holds a bachelor of Commerce with major in accounting in University of Wollongong, Australia. He is a member of the Certified Practising Accountants, Australia and the Hong Kong Institute of Certified Public Accountants. He has over 10 years' experience in accounting and auditing. Mr. Leung is currently the chief financial officer and company secretary of China 33 Media Group Limited ("China 33 Media"), a company listed on the Stock Exchange. Mr. Leung is responsible for the preparation of China 33 Media's financial statements as well as the review and development of the effective financial policies and control procedures in China 33 Media. Save as the aforesaid, Mr. Leung did not have any directorship in other listed companies in the past three years.

Directors' and Senior Management's Biographies

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. NG Tang

Aged 49, was appointed as an INED on 25 November 2010. Mr. Ng is also the chairman of the remuneration committee and a member each of the audit committee and the nomination committee of the Company. Mr. Ng graduated from The East China University of Politics and Law Department（中國華東政法學院法律專業（大專））. He has over 15 years' experience in corporate management both in Hong Kong and the PRC. He was the manager of 中國汽車工業進出口廈門公司 (China Motor Industry Import and Export Xiamen Company) from early 1990 to August 1992 and the managing director of 中國汽車工業進出口（香港）有限公司 (China Motor Industry Import and Export (Hong Kong) Limited) since May 1995. Mr. Ng is currently the deputy chairman and an executive director of China Best Group Holding Limited and an executive director of China Nonferrous Metals Company Limited, both companies are listed on the Stock Exchange. Save as the aforesaid, Mr. Ng did not have any directorship in other listed companies in the past three years.

COMPANY SECRETARY

Mr. LAW Hing Lam

Aged 48, was appointed as the company secretary of the Company on 21 March 2011. Mr. Law is a member of the Hong Kong Institute of Certified Public Accountants and also a member of the American Institute of Certified Public Accountants. Mr. Law has more than 18 years' extensive experience in accounting, auditing and finance. He was also appointed as the financial controller and an authorised representative of the Company with effect from 21 March 2011.

Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements of the Company and of the Group for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in Note 23 to the consolidated financial statements.

SEGMENT INFORMATION

As analysis of the Group's turnover and contribution to results by principal activities and geographical areas of operations for the year ended 31 March 2011 is set out in Note 7 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2011 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 34 to 36.

The Directors do not recommend the payment of any dividends for the year ended 31 March 2011 (2010: Nil).

SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the consolidated results and assets and liabilities of the Group for the last five years, as extracted from the audited financial statements:

Results

	Year ended 31 March				
	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**1,020,769**	1,039,758	1,276,639	1,712,962	554,686
Profit/(loss) before taxation	**25,335**	(44,795)	(1,834,729)	1,935,739	10,872
Taxation	**(2,322)**	(2,548)	(4,066)	(6,370)	(2,809)
Profit/(loss) for the year	**23,013**	(47,343)	(1,838,795)	1,929,369	8,063
Profit/(loss) attributable to					
– Owners of the Company	**23,013**	(47,343)	(1,838,419)	1,929,369	8,063
– Non-controlling interests	**–**	–	(376)	–	–
	23,013	(47,343)	(1,838,795)	1,929,369	8,063

Report of the Directors

SUMMARY OF FINANCIAL INFORMATION *(Continued)*

Assets and Liabilities

	At 31 March				
	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets	**8,534,034**	8,537,208	8,554,869	5,880,792	624
Current assets	**331,854**	204,786	240,059	535,345	291,151
Total assets	**8,865,888**	8,741,994	8,794,928	6,416,137	291,775
Current liabilities	**(104,521)**	(132,839)	(273,832)	(236,453)	(79,690)
Non-current liabilities	**(1,345)**	(1,766)	(3,088)	(2,650)	–
Total liabilities	**(105,866)**	(134,605)	(276,920)	(239,103)	(79,690)
Total equity	**8,760,022**	8,607,389	8,518,008	6,177,034	212,085

This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in Note 18 to the consolidated financial statements. Details of movement in investment property of the Group during the year are set out in Note 20 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital during the year and details of the Company's share option scheme are set out in Note 27 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Report of the Directors

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year and up to the date of this report.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in Note 28 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

At 31 March 2011, the Company's reserves available for distribution and/or distribution in specie, calculated in accordance with the Companies Act of Bermuda, amounted to HK$3,827,013,000. This amount included the Company's contributed surplus in the amount of HK$54,045,000 at 31 March 2011, which may only be distributed in certain circumstances. In addition, the Company's share premium account, in the amount of HK$3,869,872,000 at 31 March 2011, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the percentages of sales and purchases attributable to the Group's major customers and suppliers were as follows:

(1) The aggregate amount of sales attributable to the Group's five largest customers represented 100% of the Group's total sales for the year. The amount of sales to the Group's single customer included therein represented the entire 100%.

(2) The aggregate amount of purchases attributable to the Group's five largest suppliers represented 100% of the Group's total purchases for the year. The amount of purchases from the Group's single supplier included therein represented the entire 100%.

As far as the Directors are aware, neither the Directors, their associates nor shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interests in the Group's five largest customers or five largest suppliers during the year.

Report of the Directors

MATERIAL RELATED PARTY AND CONNECTED TRANSACTIONS

Details of the related party transactions and connected transactions of the Group are set out in Note 37 to the consolidated financial statements.

PENSION SCHEMES AND COSTS

Details of the Group's pension schemes and costs charged to profit or loss for the year are set out in Note 3(k) to the consolidated financial statements.

At 31 March 2011, the Group did not have any significant obligations for long service payments to its employees pursuant to the requirements under the Employment Ordinance, Chapter 57 of the Laws of Hong Kong.

DIRECTORS

The Directors during the year and at the date of this report were as follows:

Executive Directors

Dr. Zhuo Ze Fan *(Chairman & Chief Executive Officer)*
(appointed on 30 July 2010 and 25 November 2010 respectively)
Dr. William Rakotoarisaina *(Vice Chairman) (appointed on 30 July 2010)*
Mr. Shen Hao
Mr. Feng Da Wei
Mr. Li Jiangdong *(appointed on 6 October 2010)*
Mr. Hu Zongmin *(appointed on 6 October 2010)*
Ms. Xie Yiping *(appointed on 6 October 2010)*
Mr. Liu Xingyuan *(appointed on 28 February 2011)*
Dr. Wang Tao *(Honorary Chairman) (resigned on 27 April 2011)*
Dr. Hui Chi Ming, *G.B.S., PhD, J.P. (Chairman) (resigned on 30 July 2010)*
Mr. Cheung Shing *(Deputy Chairman & executive Director)*
(retired on 3 September 2010 and resigned on 6 October 2010 respectively)
Ms. Fibiolla Irianni Ohei *(resigned on 30 July 2010)*
Mr. Bian Qijun *(retired on 3 September 2010)*
Mr. Wang Sen Hao *(retired on 3 September 2010)*
Dr. Ching Men Ky, Carl *(resigned on 6 October 2010)*
Dr. Chui Say Hoe *(resigned on 6 October 2010)*
Mr. Cui Yeng Xu *(resigned on 6 October 2010)*

Independent Non-Executive Directors

Mr. Ng Wing Ka
Mr. Leung Ting Yuk
Mr. Ng Tang *(appointed on 25 November 2010)*
Dr. Yu Sun Say, *S.B.S., J.P. (retired on 3 September 2010)*

Report of the Directors

DIRECTORS *(Continued)*

Mr. Li Jiangdong, Mr. Hu Zongmin, Ms. Xie Yiping and Mr. Liu Xingyuan were appointed as executive Directors and Mr. Ng Tang was appointed as an INED after the annual general meeting of the Company held on 3 September 2010, and they are subject to re-election at the forthcoming annual general meeting (the "2011 AGM") pursuant to bye-law 86(2) of the Company's Bye-laws.

Pursuant to bye-law 87 of the Company's Bye-laws, Mr. Ng Wing Ka and Dr. William Rakotoarisaina will retire by rotation and, being eligible, offer themselves for re-election at the 2011 AGM.

The Company has received, from each of the INEDs, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company considers all of the INEDs are independent.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 11 to 16 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for two years, which can be terminated by either party giving notice in writing to the other party.

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in Note 37 to the consolidated financial statements, no Director had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Report of the Directors

DIRECTORS' INTERESTS IN SHARE CAPITAL

At 31 March 2011, the interests and short positions of the Directors and chief executives in the share capital 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 by the Company 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 Companies ("the Model Code") were as follows:

Interests and short positions in shares, underlying shares and debentures of the Company

Name of Director	Nature of interest	Long position/ Short position	Number of ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company
Dr. Zhuo Ze Fan	Interest of controlled corporation *(Note)*	Long position	1,759,455,555	27.84%
Mr. Liu Xingyuan	Beneficial interest	Long position	253,450,000	4.01%

Note: These shares are held through by Shaanxi Daqinling Energy and Investment Group Limited, a company wholly and beneficially owned by Dr. Zhuo Ze Fan.

Save as disclosed above, as at 31 March 2011, none of the directors or chief executives of the Company or their respective associates had any personal, family, corporate or other interests in the share capital of the Company or any of its associated corporations as defined in the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Share Option Scheme" below, at no time during the year and up to the date of this report was the Company or any of its subsidiaries a party to any arrangement to enable the Company's Directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme"), further details of which are set out in Note 27 to the consolidated financial statements.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2011, the interests of persons, other than a Director or chief executive of the Company, in the shares of the Company as recorded in the register maintained pursuant to Section 336 of the SFO were as follows:

Interests and short positions of substantial shareholders in shares and underlying shares of the Company

Name	Capacity	Long position/ Short position	Number of ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company
Yanchang Petroleum Group (Hong Kong) Co., Limited ("Yanchang Petroleum HK")	Directly beneficially owned	Long position	917,019,547	14.51%
Yanchang Petroleum *(Note)*	Interest of controlled corporation	Long position	917,019,547	14.51%

Note: Yanchang Petroleum is the sole shareholder of Yanchang Petroleum HK and was therefore deemed to be interested in such 917,019,547 shares of the Company under Part XV of the SFO.

Save as disclosed above, the Company had not been notified of any other interests or short positions in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company as at 31 March 2011.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in Note 38 to the consolidated financial statements.

Report of the Directors

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its Code of Ethics and Securities Transactions by Directors.

Having made specific enquiry of all Directors, they confirmed that they have complied with the required standards as set out in the Model Code as the Company's code of conduct regarding Directors' securities transactions with the Company for the year ended 31 March 2011.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 25 to 31.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report, based on information that is publicly available to the Company and within the acknowledge of the Directors that more than 25% of the issued share capital of the Company are held by the public.

AUDITORS

A resolution will be proposed at the 2011 AGM to re-appoint Messrs. HLB Hodgson Impey Cheng as auditors of the Company for the ensuing year.

On behalf of the Board

Dr. Zhuo Ze Fan
Chairman

Hong Kong, 28 June 2011

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICE

The Board is committed to achieve a high standard of corporate governance with a view to enhance the management of the Company as well as to safeguard the interests of the shareholders as a whole in terms of transparency, independence, accountability, responsibilities and fairness. In the opinion of the Board, the Company had complied with the code provision set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 of the Listing Rules throughout the year ended 31 March 2011, except for the following deviations:

1. code provision A.2.1 of the CG Code provides that the roles and responsibilities of chairman and chief executive officer should be separate. As Dr. Zhuo Ze Fan, chairman of the Company, was only appointed as the CEO of the Company on 25 November 2010, the roles and functions of the CEO have been performed by the Board collectively prior to his appointment. Currently, Dr. Zhuo assumes the roles of both the chairman and the CEO. Dr. Zhuo has substantial experience in professional investments, mergers and acquisitions covering a wide range of businesses including petroleum, chemical and metal mining, and owns several patents of device and was granted various awards and prizes in the PRC that is essential to fulfilling the role of the chairman. At the same time, Dr. Zhuo has the appropriate management skills and business acumen that are the pre-requisites for assuming the role of the CEO in the day-to-day management of the Group. The Board is composed of eight executive Directors (including the chairman) and three INEDs with a balance of skills and experience appropriate for the requirements of the Group. The Board believes that the balance of power and authority is already ensured by the current structure and the combination of the roles of the chairman and the CEO which are performed by the same individual would be beneficial to the overall corporate performance of the Group;

2. code provision A.4.1 of the CG Code provides that the non-executive Directors should be appointed for a specific term. Messrs. Leung Ting Yuk, Dr. Yu Sun Say (retired on 3 September 2010) and Ng Wing Ka, the INEDs, are not appointed for a specific term but they are subject to retirement by rotation at least once every three years in accordance with the Bye-laws of the Company;

3. code provision A.4.2 of the CG Code provides that all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. In accordance with the Bye-laws of the Company, any Director appointed to fill a casual vacancy shall hold office only until the next following annual general meeting ("AGM") of the Company and shall then be eligible for re-election. The Board considers that such a deviation is not material as casual vacancy seldom happens and duration between appointment to fill casual vacancy and the immediate following AGM of the Company is less than one year and is considered to be short; and

CORPORATE GOVERNANCE PRACTICE *(Continued)*

4. code provision A.3 of the CG Code provides that the Board should include a balanced composition of executive and non-executive Directors. Following the retirement of Dr. Yu Sun Say, an INED, on 3 September 2010, the Board had only two INEDs which fell below the minimum number required under Rule 3.10(1) of the Listing Rules. The Company had appointed Mr. Ng Tang as an INED on 25 November 2010 to meet the requirement of the said code provision.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 March 2011.

AUDITORS' REMUNERATION

Auditors' remuneration for the year amounted to a total of HK$1,050,000, of which HK$900,000 was incurred for audit service and HK$150,000 for non-audit services, including professional fees for announcements.

BOARD OF DIRECTORS

The Board serving the important function of guiding the management, currently comprises:–

(a) eight executive Directors, namely Dr. Zhuo Ze Fan, Dr. William Rakotoarisaina, Mr. Shen Hao, Mr. Feng Da Wei, Mr. Li Jiangdong, Mr. Hu Zongmin, Ms. Xie Yiping and Mr. Liu Xingyuan;

(b) three INEDs required under Rule 3.10(1) of the Listing Rules, namely Mr. Ng Wing Ka, Mr. Leung Ting Yuk and Mr. Ng Tang which represent approximately 27% of the Board. One of the INEDs has appropriate professional qualifications and accounting and related financial expertise required under Rule 3.10(2) of the Listing Rules.

The Company considers that the Board has the necessary skills and experience appropriate for discharging their duties as Directors in the best interests of the Company and that the current board size should be adequate for its present operations.

Each of the Directors keeps abreast of his/her responsibilities as a Director and of the conduct, business activities and development of the Company. All Directors are updated from time to time with development in the laws and regulations applicable to the Company and each of the INEDs has made annual confirmation that he/she complied with the independence criteria set out in Rule 3.13 of the Listing Rules. The Directors consider that all the three INEDs are independent under these independence criteria and are capable of effectively exercising independent judgment.

Corporate Governance Report

BOARD OF DIRECTORS *(Continued)*

The Directors as aforesaid, accompanied by their respective biographical details, are listed in the section of "Directors' and Senior Management's Biographies" in this annual report and that the INEDs are expressly identified in all of the Company's publication such as circulars, announcements or relevant corporate communications in which the names of Directors are disclosed.

The principal functions of the Board are to make decision on the objectives, strategic plans, budgets and management structure of the Company; to oversee the management of the business and affairs of the Group; to supervise the management of the business and affairs with the objective of enhancing the Company and shareholders' value with the proper delegation of the power to the management for its day-to-day operation of the Company, implementation of the budgets and strategic plans and development of the organization of the Company for implementing the Board's decision. During the year under review, the Board had reviewed, inter alia, the performance of the Group and formulated business strategy of the Group; reviewed and approved the interim and annual results of the Group; reviewed the operations of the Group and reviewed internal controls taken by the Group.

The Board conducts meeting on a regular basis and on an ad hoc basis, as required by business needs. The Bye-laws of the Company allows board meetings to be conducted by way of telephone or other electronic means and any resolutions to be passed by way of written resolutions circulated to and signed by all Directors from time to time when necessary unless any matters in which a Director or his/her respective associates has conflict of interest.

In the said Board meetings, sufficient notices for regular board meetings and reasonable notice for non-regular Board meetings were given to all Directors so as to ensure that each of them had an opportunity to attend the meetings, and agendas and accompanying board papers were given to all Directors in a timely manner before the appointed date of the Board meetings. Sufficient information was also supplied by the management to the Board to enable it to make decisions, which are made in the best interests of the Company.

In considering the nomination of a new Director, the Board will take into account the qualification, in particular as required in the Listing Rules, ability, working experience, leadership and professional ethics of the candidates. The Board considers that the existing human resource policy in recruitment of new senior staff is also applicable to new Director.

BOARD OF DIRECTORS *(Continued)*

During the year ended 31 March 2011, the Board held 20 meetings. Details of the attendance of the Board members (either in person or by phone) during the year ended 31 March 2011 are as follows:

Directors	**Attendance**
Dr. Zhuo Ze Fan *(appointed on 30 July 2010)*	15/15
Dr. William Rakotoarisaina *(appointed on 30 July 2010)*	9/15
Mr. Shen Hao	1/20
Mr. Feng Da Wei	1/20
Mr. Li Jiangdong *(appointed on 6 October 2010)*	7/10
Mr. Hu Zongmin *(appointed on 6 October 2010)*	6/10
Ms. Xie Yiping *(appointed on 6 October 2010)*	5/10
Mr. Liu Xingyuan *(appointed on 28 February 2011)*	0/2
Mr. Ng Wing Ka	4/20
Mr. Leung Ting Yuk	19/20
Mr. Ng Tang *(appointed on 25 November 2010)*	3/5
Dr. Wang Tao *(resigned on 27 April 2011)*	0/20
Dr. Hui Chi Ming *(resigned on 30 July 2010)*	4/5
Mr. Cheung Shing *(resigned on 6 October 2010)*	9/10
Ms. Fibiolla Irianni Ohei *(resigned on 30 July 2010)*	0/5
Mr. Bian Qijun *(retired on 3 September 2010)*	1/6
Mr. Wang Sen Hao *(retired on 3 September 2010)*	0/6
Dr. Ching Men Ky, Carl *(resigned on 6 October 2010)*	5/10
Dr. Chui Say Hoe *(resigned on 6 October 2010)*	10/10
Mr. Cui Yeng Xu *(resigned on 6 October 2010)*	0/10
Dr. Yu Sun Say *(retired on 3 September 2010)*	4/6

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Group adopts a leadership structure in which the roles of the chairman and the CEO are exercised by the same Director. The chairman is responsible for overseeing all Board functions, while the executive Directors and senior management under the leadership of the chairman to oversee the day-to-day operations of the Group and implement the strategies and policies approved by the Board.

Corporate Governance Report

NON-EXECUTIVE DIRECTOR

Mr. Ng Tang, the newly-appointed INED during the year, was appointed for a specific term of two years whereas Messrs. Leung Ting Yuk and Ng Wing Ka, the other two INEDs, were not appointed for a specific term. All of these three INEDs are subject to retirement by rotation at the annual general meeting of the Company at least once every three years in accordance with the Bye-laws of the Company. Details of changes in the Board during the year are set out in the "Report of the Directors" on page 20.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 31 March 2011 have been reviewed by the audit committee and audited by the external auditors, HLB Hodgson Impey Cheng. The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group which give a true and fair view. The Directors' responsibilities for the accounts are set out in the Independent Auditors' Report on page 32.

BOARD COMMITTEE

Audit Committee

The audit committee has been established with specific written terms of reference formulated in accordance with the requirements of the Listing Rules. The audit committee currently comprises the three INEDs, namely Mr. Ng Wing Ka, Mr. Leung Ting Yuk and Mr. Ng Tang (appointed on 25 November 2010). Mr. Leung Ting Yuk is the chairman of the audit committee. Given below are the main duties of the audit committee:

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

(b) Reviewing the systems of internal control and risk management of the Group;

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

(d) Reviewing the audited financial statements and the annual report of the Company, and

(e) Maintaining an appropriate relationship with the external auditors of the Group.

During the year ended 31 March 2011, the audit committee held 2 meetings.

Name of the members of the audit committee	Number of attendance
Mr. Leung Ting Yuk	2/2
Mr. Ng Wing Ka	2/2
Mr. Ng Tang *(appointed on 25 November 2010)*	1/1
Dr. Yu Sun Say *(retired on 3 September 2010)*	1/1

BOARD COMMITTEE *(Continued)*

Remuneration Committee

The remuneration committee has been established for the purpose of making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management. The written terms of reference which describes the authority and duties of the remuneration committee was prepared and adopted.

The remuneration committee currently comprises two INEDs, namely Mr. Ng Tang and Mr. Leung Ting Yuk, and an executive Director, Ms. Xie Yiping. Mr. Ng Tang has been appointed as the chairman of the remuneration committee upon his appointment as an INED on 25 November 2010.

During the year ended 31 March 2011, the remuneration committee held 2 meetings.

Name of the members of the remuneration committee	Number of attendance
Mr. Ng Tang *(appointed on 25 November 2010)*	0/0
Mr. Leung Ting Yuk	2/2
Ms. Xie Yiping *(appointed on 6 October 2010)*	0/0
Dr. Yu Sun Say *(retired on 3 September 2010)*	2/2
Dr. Chui Say Hoe *(resigned on 6 October 2010)*	2/2

Nomination Committee

The nomination committee has been established and responsible for reviewing the structure, size and composition of the board as well as identifying individuals suitable and qualified to become Board members. The written terms of reference which describes the authority and duties of the nomination committee was prepared and adopted.

The nomination committee currently comprises two INEDs, namely Mr. Ng Wing Ka and Mr. Ng Tang, and an executive Director, Ms. Xie Yiping. Mr. Ng Wing Ka is the chairman of the nomination committee.

During the year ended 31 March 2011, the nomination committee held 2 meetings.

Name of the members of the nomination committee	Number of attendance
Mr. Ng Wing Ka	1/2
Mr. Ng Tang *(appointed on 25 November 2010)*	1/1
Ms. Xie Yiping *(appointed on 6 October 2010)*	0/0
Dr. Yu Sun Say *(retired on 3 September 2010)*	2/2
Dr. Chui Say Hoe *(resigned on 6 October 2010)*	2/2

Corporate Governance Report

BOARD COMMITTEE *(Continued)*

Operational Committee

The operational committee of the Board (which comprises three previous executive Directors, namely, Mr. Cheung Shing, Dr. Chui Say Hoe and Mr. Ching Men Ky, Carl) was established on 27 July 2010, and met on an ad hoc basis to exercise the powers, authorities and discretion of the Board in accordance with its terms of reference. The operational committee was dissolved on 6 October 2010.

INTERNAL CONTROL

The Board has overall responsibilities for maintaining sound and effective internal control system of the Group through the audit committee. The Board has delegated to the management the implementation of such systems of internal controls as well as the review of relevant financial, operational and compliance controls and risk management procedures.

The Board has established the on-going process for safeguard of assets. The key control procedures of the Group's internal control system are as follows:

– Segregation of duties and functions of the respective operational departments of the Group

– Monitoring the strategic plan and performance

– Designing an effective accounting and information system

The Board has conducted an annual review of the effectiveness of its internal control system covering all material controls, including financial, operational and compliance as well as risk management. Moreover, the Board has also engaged Elite Partners Risk Advisory Services Limited to conduct the review and make recommendations to strengthen the internal control system. Based on the assessments, the Board considers that the internal control system and procedures of the Group are effective and adequate.

COMMUNICATION WITH SHAREHOLDERS

During the year under review, the Group has proactively enhanced its corporate transparency and communications with its shareholders and the investment community through its announcements, circulars, annual and interim reports. Constantly being updated in a timely manner, the Company maintains its website at www.sueig.com on which press releases, announcements, circulars and other information relating to the Company and its business are disclosed.

The annual report together with the annual general meeting circular which contains the notice of the annual general meeting is distributed to all the shareholders at least 20 clear business days before the meeting. 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 each of the audit committee, nomination committee and remuneration committee are pleased to answer shareholders' questions.

Separate resolutions are proposed at general meetings on each substantially separate issue.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll.

Independent Auditors' Report

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF
SINO UNION ENERGY INVESTMENT GROUP LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Sino Union Energy Investment Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 93, which comprise the consolidated and company statements of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' 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, in accordance with Section 90 of the Bermuda Companies Act, 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 about whether the consolidated financial statements are free from material misstatement.

Independent Auditors' Report

AUDITORS' RESPONSIBILITY *(Continued)*

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 auditors' 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 auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 Company and of the Group as at 31 March 2011 and of its 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.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 28 June 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Turnover	8	**1,020,769**	1,039,758
Cost of sales		**(985,624)**	(1,001,552)
Gross profit		**35,145**	38,206
Other revenue	8	**272**	530
Other gains and losses	9	**34,308**	(17,792)
Selling and distribution costs		**(11,791)**	(9,878)
Administrative expenses		**(30,722)**	(35,907)
Equity-settled share option expenses		**(1,877)**	(18,000)
Profit/(loss) from operating activities	10	**25,335**	(42,841)
Finance costs	13	**–**	(1,954)
Profit/(loss) before taxation		**25,335**	(44,795)
Taxation	14	**(2,322)**	(2,548)
Profit/(loss) for the year		**23,013**	(47,343)
Other comprehensive income			
Exchange differences on translating foreign operations		**2,022**	4,637
Other comprehensive income for the year, net of tax		**2,022**	4,637
Total comprehensive income/(loss) for the year		**25,035**	(42,706)
Profit/(loss) attributable to:			
Owners of the Company		**23,013**	(47,343)
Non-controlling interests		**–**	–
		23,013	(47,343)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**24,963**	(42,760)
Non-controlling interests		**72**	54
		25,035	(42,706)
Earnings/(loss) per share	17		
Basic, HK cents		**0.37**	(0.78)
Diluted, HK cents		**0.37**	(0.78)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	18	**3,581**	2,176
Prepaid lease payments	19	**897**	916
Investment property	20	**7,800**	9,360
Intangible asset	21	**40,000**	43,000
Exploration and evaluation assets	22	**8,481,756**	8,481,756
		8,534,034	8,537,208
Current assets			
Trade receivables	24	**91,166**	53,921
Prepayments, deposits and other receivables	25	**136,266**	16,162
Amount due from a non-controlling shareholder	26	**1,422**	15,035
Cash and bank balances		**103,000**	119,668
		331,854	204,786
Total assets		**8,865,888**	8,741,994
EQUITY			
Capital and reserves			
Share capital	27	**126,389**	122,269
Reserves	28	**8,631,855**	8,470,085
Equity attributable to owners of the Company		**8,758,244**	8,592,354
Non-controlling interests		**1,778**	15,035
Total equity		**8,760,022**	8,607,389
LIABILITIES			
Current liabilities			
Trade and other payables	29	**89,683**	74,036
Tax payable		**14,838**	30,779
Amounts due to related companies	30	**–**	15,700
Amount due to a Director	31	**–**	12,324
		104,521	132,839
Non-current liability			
Deferred taxation	32	**1,345**	1,766
Total liabilities		**105,866**	134,605
Total equity and liabilities		**8,865,888**	8,741,994
Net current assets		**227,333**	71,947
Total assets less current liabilities		**8,761,367**	8,609,155

Approved by the Board on 28 June 2011 and signed on its behalf by:

Dr. Zhuo Ze Fan
Chairman

Dr. William Rakotoarisaina
Vice Chairman

The accompanying notes form an integral part of these consolidated financial statements.

Statement of Financial Position

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS			
Non-current assets			
Interests in subsidiaries	*23*	**5,883,011**	5,865,006
Property, plant and equipment	*18*	**218**	–
		5,883,229	5,865,006
Current assets			
Prepayment and other receivables		**547**	16
Cash and bank balances		**14,402**	93
		14,949	109
Total assets		**5,898,178**	5,865,115
EQUITY			
Capital and reserves			
Share capital	*27*	**126,389**	122,269
Reserves	*28*	**5,698,949**	5,558,350
Total equity		**5,825,338**	5,680,619
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries	*23*	**71,004**	177,935
Amounts due to related companies	*30*	**–**	2,462
Amount due to a Director	*31*	**–**	1,199
Other payables and accruals		**1,836**	2,900
		72,840	184,496
Total liabilities		**72,840**	184,496
Total equity and liabilities		**5,898,178**	5,865,115
Net current liabilities		**(57,891)**	(184,387)
Total assets less current liabilities		**5,825,338**	5,680,619

Approved by the Board on 28 June 2011 and signed on its behalf by:

Dr. Zhuo Ze Fan
Chairman

Dr. William Rakotoarisaina
Vice Chairman

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

	Attributable to owners of the Company											
		Reserves										
	Share capital HK$'000	Share premium HK$'000 (Note i)	Contributed surplus HK$'000 (Note ii)	Convertible notes reserve HK$'000	Exchange reserve HK$'000	Revaluation reserve HK$'000 (Note iii)	Reserve on acquisition of additional interests in a subsidiary HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2009	120,449	5,504,160	3,156	3,555	20,093	385,000	2,286,365	–	195,230	8,397,559	–	8,518,008
Loss for the year	–	–	–	–	–	–	–	–	(47,343)	(47,343)	–	(47,343)
Other comprehensive income for the year	–	–	–	–	4,583	–	–	–	–	4,583	54	4,637
Total comprehensive income/(loss) for the year	–	–	–	–	4,583	–	–	–	(47,343)	(42,760)	54	(42,706)
Conversion of convertible notes	1,600	99,605	–	(3,555)	–	–	–	–	–	96,050	–	97,650
Issue of ordinary shares upon exercise of share options	220	1,236	–	–	–	–	–	–	–	1,236	–	1,456
Equity-settled share option expenses	–	–	–	–	–	–	–	18,000	–	18,000	–	18,000
Incorporation of a subsidiary	–	–	–	–	–	–	–	–	–	–	14,981	14,981
At 31 March 2010 and 1 April 2010	122,269	5,605,001	3,156	–	24,676	385,000	2,286,365	18,000	147,887	8,470,085	15,035	8,607,389
Profit for the year	–	–	–	–	–	–	–	–	23,013	23,013	–	23,013
Other comprehensive income for the year	–	–	–	–	1,950	–	–	–	–	1,950	72	2,022
Total comprehensive income for the year	–	–	–	–	1,950	–	–	–	23,013	24,963	72	25,035
Cancellation of share options	–	–	–	–	–	–	–	(18,000)	18,000	–	–	–
Equity-settled share option expenses	–	–	–	–	–	–	–	1,877	–	1,877	–	1,877
Issue of ordinary shares	4,120	134,930	–	–	–	–	–	–	–	134,930	–	139,050
Termination of cooperation in a subsidiary with non-controlling shareholder	–	–	–	–	–	–	–	–	–	–	(15,035)	(15.035)
Incorporation of a subsidiary	–	–	–	–	–	–	–	–	–	–	1,706	1,706
At 31 March 2011	**126,389**	**5,739,931**	**3,156**	**–**	**26,626**	**385,000**	**2,286,365**	**1,877**	**188,900**	**8,631,855**	**1,778**	**8,760,022**

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

Notes:

(i) The share premium account of the Group includes (i) shares issued at premium of approximately HK$3,869,872,000 (2010: HK$3,734,942,000); and (ii) special reserve of approximately HK$1,870,059,000 (2010: HK$1,870,059,000). Included in the share premium debited amount of approximately HK$650,774,000 represents the difference between the fair value and the contracted value of the consideration shares paid for acquisitions of subsidiaries during the year ended 31 March 2009.

(ii) The contributed surplus of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to a reorganisation scheme ("the Group Reorganisation") to rationalise the structure of the Group in preparation for the public listing of the Company's shares on The Stock Exchange of Hong Kong Limited set out in the Company's prospectus dated 30 March 2001, over the nominal value of the shares of the Company issued in exchange therefor.

(iii) The revaluation reserve represents the fair value adjustment relating to previous acquisition of 7% equity interests of Madagascar Energy International Limited ("MEIL"). The Group has acquired the remaining 93% equity interest during the year ended 31 March 2008.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	2011 *HK$'000*	2010 *HK$'000*
Cash flows from operating activities		
Profit/(loss) before taxation	**25,335**	(44,795)
Adjustments for:		
Interest income	**(196)**	(311)
Depreciation	**760**	905
Amortisation of prepaid lease payments	**19**	20
Equity-settled share option expenses	**1,877**	18,000
Fair value change on investment property	**1,560**	2,640
Impairment loss of intangible asset	**3,000**	15,000
Impairment loss of other receivables	**407**	152
Gain on waiver of other payables	**(591)**	–
Gain on disposal of subsidiaries	**(18,684)**	–
Loss on disposal of property, plant and equipment	**53**	410
Finance costs	**–**	1,954
Operating profit/(loss) before working capital changes	**13,540**	(6,025)
(Increase)/decrease in trade receivables	**(37,245)**	38,511
(Increase)/decrease in prepayments, deposits and other receivables	**(120,505)**	10,145
Increase/(decrease) in trade and other payables	**16,238**	(60,755)
(Decrease)/increase in amounts due to related companies	**(15,700)**	2,176
(Decrease)/increase in amount due to a Director	**(12,324)**	12,324
Decrease in amount due to a holding company	**–**	(2,911)
Cash used in operations	**(155,996)**	(6,535)
Interest received	**196**	311
Net cash used in operating activities	**(155,800)**	(6,224)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(2,218)**	(1,314)
Net cash outflow on disposal of subsidiaries	**(6)**	–
Net cash used in investing activities	**(2,224)**	(1,314)

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	2011 HK$'000	2010 HK$'000
Cash flows from financing activities		
Proceeds from issue of shares	**139,050**	–
Proceeds from exercise of share options	**–**	1,456
Capital injection by a non-controlling shareholder	**341**	–
Net cash generated by financing activities	**139,391**	1,456
Net decrease in cash and cash equivalents	**(18,633)**	(6,082)
Cash and cash equivalents at the beginning of the year	**119,668**	121,168
Effect of exchange rate changes on the balance of cash held in foreign currencies	**1,965**	4,582
Cash and cash equivalents at the end of the year	**103,000**	119,668
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**103,000**	119,668

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

31 March 2011

1. CORPORATE INFORMATION

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

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

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company. All values are rounded to the nearest thousand, unless otherwise stated.

The Directors consider the ultimate holding company to be Shaanxi Daqinling Energy and Investment Group Limited, a company incorporated in the British Virgin Islands.

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

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning 1 April 2010. A summary of the new HKFRSs are set out as below:

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 28 (as revised in 2008)	Investments in Associates
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The application of the above new HKFRSs has no material impact on the results and financial positions of the Group.

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

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 27 (as revised in 2011)	Separate Financial Statements[6]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[6]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 – Disclosures for First-time Adopters[2]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[4]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[6]
HKFRS 11	Joint Arrangements[6]
HKFRS 12	Disclosure of Interests in Other Entities[6]
HKFRS 13	Fair Value Measurement[6]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] *Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate*
[2] *Effective for annual periods beginning on or after 1 July 2010*
[3] *Effective for annual periods beginning on or after 1 January 2011*
[4] *Effective for annual periods beginning on or after 1 July 2011*
[5] *Effective for annual periods beginning on or after 1 January 2012*
[6] *Effective for annual periods beginning on or after 1 January 2013*

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

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

In relation of financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss ("FVTPL"). Specifically, under HKFRS 9, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Previously, under HKAS 39, the entire amount of change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

HKFRS 9 will be effective from 1 January 2013, with earlier application permitted.

Notes to the Consolidated Financial Statements

31 March 2011

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

The amendments to HKFRS 7 *Disclosures – Transfer of Financial Assets* increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level continuing exposure in the asset. The amendments also require disclosures when transfers of financial assets are not evenly distributed throughout the period.

HKAS 24 *Related Party Disclosures* (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the standard.

HKFRS 10 *Consolidated Financial Statements* builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard replaces HK(SIC) – 12 *Consolidation – Special Purpose Entities* and replaces parts of HKAS 27 *Consolidated and Separate Financial Statements*.

HKFRS 11 *Joint Arrangements* provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. HKFRS 11 supersedes HKAS 31 *Interests in Joint Ventures* and HK(SIC) – 13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers*.

HKFRS 12 *Disclosure of Interests in Other Entities* is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

HKFRS 13 *Fair Value Measurement* improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

The Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment property and certain financial assets and financial liabilities that are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations) issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. 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 are included in the consolidated statement of comprehensive income 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 in line with those used by other members of the Group.

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to owners of the Company and to non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 April 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1 April 2010

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to the Consolidated Financial Statements

31 March 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of consolidation *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries on or after 1 April 2010 (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings).

Changes in the Group's ownership interests in existing subsidiaries prior to 1 April 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

(b) Business combination

Business combinations that took place on or after 1 April 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Business combination *(Continued)*

Business combinations that took place on or after 1 April 2010 *(Continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another Standard.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Notes to the Consolidated Financial Statements

31 March 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Business combination *(Continued)*

Business combinations that took place on or after 1 April 2010 *(Continued)*

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Business combinations that took place prior to 1 April 2010

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceed the cost of the business combination, the excess is recognised immediately in profit or loss.

The minority interest in the acquiree was initially measured at the minority interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

Notes to the Consolidated Financial Statements

31 March 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill and certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to profit or loss in the period in which it arises.

(d) Revenue recognition

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

Sales of goods are recognised when goods are delivered and title has 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.

Notes to the Consolidated Financial Statements

31 March 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred.

Depreciation is provided on the reducing balance method so as to write down the cost of property, plant and equipment to their realisable value over their anticipated useful lives at the following annual rates:

Furniture, fixtures and equipment	:	20% – 30% on the reducing balance method
Motor vehicles	:	30% on the reducing balance method

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed and adjusted if appropriate, at least at each financial year end.

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 profit or loss in the year in which the item is derecognised.

(f) Investment property

Investment property is property held to earn rentals and/or for capital appreciation. On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is measured at fair value using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains or losses arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

(g) Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses. No amortisation is provided on the exploration and evaluation assets.

Exploration and evaluation assets include the expenditures incurred in the search for oil resources as well as the determination of the technical feasibility and commercial viability of extracting those resources.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Exploration and evaluation assets *(Continued)*

When the technical feasibility and commercial viability of extracting oil resource become demonstrable, any previously recognised exploration and evaluation assets would be reclassified as intangible assets or property, plant and equipment. After reclassification, amortisation or depreciation will be provided for the respective assets consistent with the relevant accounting policy.

(h) 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 recognised as expenses 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.

Leasehold land

Interest in leasehold land is accounted for as operating leases and amortised over the lease form on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model.

(i) Foreign currencies translation

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 exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. 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 translation of monetary items, are recognised in profit of loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit of loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

Notes to the Consolidated Financial Statements

31 March 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Foreign currencies translation *(Continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, 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 of loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the exchange reserve.

(j) Retirement benefits schemes

(i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. The MPF Scheme has operated since 1 December 2000. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss 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, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

(k) Share option expenses

The Group operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in profit or loss.

The total amount to be expensed over the vesting period is determined with reference to the fair value of the share options granted. At the end of each reporting period, the Company revises its estimates of the number of share options that are expected to become exercisable. It recognised the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity in the consolidated statement of financial position will be made over the remaining vesting periods.

The proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premium accounts when the share options are exercised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) 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 statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and 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 end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax 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 associated with investments in subsidiaries and associates, and interests in joint ventures, 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Notes to the Consolidated Financial Statements

31 March 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(n) Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments. 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 FVTPL 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 FVTPL are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade basis. Regular way purchases or sale of financial assets that required delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, other receivables, amount due from a non-controlling shareholder and cash and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy-impairment of financial assets below).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Financial instruments *(Continued)*

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 on points 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.

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

Impairment of financial assets

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 impacted.

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 reorganisation.

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 credit period of 30 days, observable changes in national or local economic conditions that correlate with default on receivables.

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.

Notes to the Consolidated Financial Statements

31 March 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

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 losses 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.

Financial liabilities and equity instruments

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 asset of the Group after deducting all of its liabilities. The Group's financial liabilities are classified into other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

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 liabilities designated as at FVTPL, of which the interest expense is included in net gains or losses.

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to related companies and amount due to a Director are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Financial instruments *(Continued)*

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 the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised from the Group's consolidated statement of financial position when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(o) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

(p) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprises of cash in hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the Group and Company statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Notes to the Consolidated Financial Statements

31 March 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Related party transactions

Parties are considered to be related to the Group if:

a. the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; (iii) has joint control over the Group;

b. the party is an associate;

c. the party is a jointly-controlled entity;

d. the party is a member of the key management personnel of the Group or its parent;

e. the party is a close member of the family of any individual referred to in (a) or (d);

f. the party is an entity that is controlled, joint-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

g. the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is related party of the Group.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(r) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in Note 3 to the consolidated financial statements, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk in causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Income taxes

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determinations are made.

(b) Impairment of exploration and evaluation assets

Exploration and evaluation assets are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involve management estimates and judgements such as future prices of oil and production profile. The impairment reviews and calculations are based on assumptions may allow the Group to avoid the need to impair any assets, whereas unfavourable changes may cause the assets to become impaired. The recoverable amount of exploration and evaluation assets has been determined based on market approach, comparable transactions *(Note 22)*.

Notes to the Consolidated Financial Statements

31 March 2011

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(c) Fair value of investment property

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences; and

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

The principal assumption underlying management's estimation of fair value is related to the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and without compulsion.

The Group assesses the fair value of its investment property based on valuation determined by qualified independent professional surveyors.

(d) Useful lives and impairment of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid. The Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value in use calculations which require the use of assumptions and estimates.

Notes to the Consolidated Financial Statements

31 March 2011

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(e) Impairment of intangible asset

Determine whether intangible asset is impaired requires estimation of the value in use. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

The carrying amount of intangible asset at the end of the reporting period was approximately HK$40,000,000 (2010: HK$43,000,000) after an impairment loss of approximately HK$3,000,000 (2010: HK$15,000,000) was recognised during the year. Details of the impairment loss calculation are provided in Note 21 to the consolidated financial statements.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Categories of financial instruments

The Group

	2011	2010
	HK$'000	*HK$'000*
Financial assets		
Loan and receivables (including cash and bank balances)		
– Trade receivables	**91,166**	53,921
– Other receivables	**684**	317
– Amount due from a non-controlling shareholder	**1,422**	15,035
– Cash and bank balances	**103,000**	119,668
	196,272	188,941
Financial liabilities		
Amortised costs		
– Trade and other payables	**89,683**	74,036
– Amounts due to related companies	**–**	15,700
– Amount due to a Director	**–**	12,324
	89,683	102,060

Notes to the Consolidated Financial Statements

31 March 2011

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) Categories of financial instruments *(Continued)*

The Company

	2011	2010
	HK$'000	*HK$'000*
Financial assets		
Loan and receivables (including cash and bank balances)		
– Amounts due from subsidiaries	**1,036,006**	1,017,924
– Other receivables	**–**	16
– Cash and bank balances	**14,402**	93
	1,050,408	1,018,033
Financial liabilities		
Amortised costs		
– Amounts due to subsidiaries	**71,004**	177,935
– Amounts due to related companies	**–**	2,462
– Amount due to a Director	**–**	1,199
– Other payables	**1,836**	2,900
	72,840	184,496

(b) Financial risk management objectives and policies

The Group's financial instruments include trade receivables, other receivables, amount due from a non-controlling shareholder, cash and bank balances, trade and other payables, amounts due to related companies and amount due to a Director. Details of these financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments and 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.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk

The Group's activities expose primarily to the financial risks of changes in foreign exchange risk and interest rate risk.

Market risk exposures are measured by sensitivity analysis. There has been no changes to the Group's exposure to market risk or the manner in which it manages and measures the risk.

(i) Foreign exchange risk

The Group's operates mainly in both Hong Kong, the PRC and Madagascar, and majority of the Group's transactions are denominated in Hong Kong dollars and United States dollars. As Hong Kong dollars are pegged to the United States dollars, the foreign exchange exposures of the Group are considered to be minimal. The Group does not have any formal hedging policies.

(ii) Interest rate risk

The Group considers that there is no significant cash flow interest rate risk and fair value interest rate risk as the Group does not have variable rate and fixed rate borrowings. The Group did not enter into interest rate swap to hedge against its exposures to changes in fair values of the borrowings.

Credit risk

The carrying amounts of trade receivables, other receivables and amount due from a non-controlly shareholder included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to the Group's financial assets. No other financial assets carry a significant exposure to credit risk.

The Group's concentration of credit risk by geographical location is mainly in the PRC. The Group also has concentration of credit risk by customers as all trade receivables were due from a customer (2010: one) as at 31 March 2011.

In order to minimise the credit risk, the management of the Group has credit approvals and other monitoring procedures to ensure that follow-up action is taken on a timely basis and adequate impairment losses are made for irrecoverable amounts overdue. In this regards, the Directors consider that the Group's credit risk is significantly reduced.

Substantially all of the Group's cash and cash equivalents are mainly deposited in the state controlled PRC banks and international banks which the Directors assessed the credit risk to be insignificant.

Notes to the Consolidated Financial Statements

31 March 2011

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk

The Group manages its liquidity risk by regularly monitoring current and expected liquidity requirements and ensuring sufficient liquid cash and intended lines of funding from major financial institutions to meet the Group's liquidity requirements in the short and long term. As at the end of the reporting period, all of the Group's financial liabilities are expected to be matured within one year.

(c) Fair value estimation

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

(i) The fair value of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices and ask prices respectively, and

(ii) The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models (e.g. discounted cash flow analysis using observable and/or unobservable inputs).

The Group's financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3 fair value measurements are those derived from valuation techniques that includes inputs for the asset or liability that are not based on observable market data (unobservable inputs).

No analysis is disclosed since the Group has no financial instruments that are measured at fair value subsequent to initial recognition at the end of the reporting period.

Notes to the Consolidated Financial Statements

31 March 2011

6. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to ensure that entities in the Group will be able to continue as a going concern while maximising the returns to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debts which include total liabilities and total equity, mainly comprising issued capital, reserves and retained profits.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as total liabilities divided by total equity. For the years ended 31 March 2011 and 31 March 2010, the Group's strategy was to maintain a low gearing ratio. The gearing ratio at 31 March 2011 and 2010 were as follows:

	As at 31 March 2011 *HK$'000*	As at 31 March 2010 *HK$'000*
Total liabilities	**105,866**	134,605
Total equity	**8,760,022**	8,607,389
Gearing ratio	**1.2%**	1.6%

7. SEGMENT INFORMATION

The Group's operating and reportable segments are as follows:

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

(b) the oil, gas exploration, exploitation and operation segment involves oil, gas exploration, exploitation and operation of the oilfield blocks in Madagascar. For the years ended 31 March 2011 and 2010, this segment did not generate any revenue or profit to the Group.

Notes to the Consolidated Financial Statements

31 March 2011

7. SEGMENT INFORMATION *(Continued)*

Segments revenue and results

	Supply and procurement operation		Oil, gas exploration, exploitation and operation		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**1,020,769**	1,039,758	**–**	–	**1,020,769**	1,039,758
Segment results	**22,853**	28,450	**(7,295)**	(26,709)	**15,558**	1,741
Other revenue					**272**	530
Equity-settled share option expenses					**(1,877)**	(18,000)
Gain on disposal of subsidiaries					**18,684**	–
Gain on waiver of other payables					**591**	–
Gain on compensation from joint venture					**20,000**	–
Unallocated corporate expenses					**(27,893)**	(27,112)
Profit/(loss) from operating activities					**25,335**	(42,841)
Finance costs					**–**	(1,954)
Profit/(loss) before taxation					**25,335**	(44,795)
Taxation					**(2,322)**	(2,548)
Profit/(loss) for the year					**23,013**	(47,343)

Revenue reported was generated from external customers. There were no inter-segment sales during the year (2010: Nil).

Segment profit/(loss) represents the profit earned by each segment without allocation of other income and corporate expenses including Directors' salaries, finance costs, equity-settled share option expenses, gain on disposal of subsidiaries, gain on waiver of other payables, gain on compensation from joint venture and taxation. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

7. SEGMENT INFORMATION *(Continued)*

Segments assets and liabilities

	Supply and procurement operation		Oil, gas exploration, exploitation and operation		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**155,789**	168,914	**8,641,443**	8,537,368	**8,797,232**	8,706,282
Unallocated assets					**68,656**	35,712
Total assets					**8,865,888**	8,741,994
Segment liabilities	**78,141**	62,324	**8,014**	31,561	**86,155**	93,885
Unallocated liabilities					**19,711**	40,720
Total liabilities					**105,866**	134,605

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

- all assets are allocated to reportable segments other than amount due from a non-controlling shareholder and other financial assets.
- all liabilities are allocated to reportable segments other than amounts due to related companies, amount due to a Director, other financial liabilities and deferred taxation.

Other segment information

	Supply and procurement operation		Oil, gas exploration, exploitation and operation		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:						
Depreciation	**–**	–	**489**	758	**489**	758
Amortisation	**–**	–	**19**	20	**19**	20
Capital expenditure	**–**	–	**2,217**	1,256	**2,217**	1,256
Impairment loss of intangible asset	**–**	–	**3,000**	15,000	**3,000**	15,000
Impairment loss of other receivables	**–**	–	**407**	152	**407**	152

Notes to the Consolidated Financial Statements

31 March 2011

7. SEGMENT INFORMATION *(Continued)*

Revenue from major products and services

The Group's revenue from its major products and services were from trading of fuel oil products.

Geographical information

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

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

	Revenue from external customers		Non-current assets	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**1,020,769**	1,039,758	**16**	22
Hong Kong	**–**	–	**2,117**	217
Madagascar	**–**	–	**8,531,901**	8,536,969
	1,020,769	1,039,758	**8,534,034**	8,537,208

Information about major customers

Included in revenues arising from trading of fuel oil products of approximately HK$1,020,769,000 (2010: HK$1,039,758,000) are all revenues arose from the Group's single customer which account for 100% of the Group's total revenue.

8. TURNOVER AND OTHER REVENUE

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

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

	2011	2010
	HK$'000	*HK$'000*
Turnover		
Sale of fuel oil related products	**1,020,769**	1,039,758
Other revenue		
Bank interest income	**196**	311
Others	**76**	219
	272	530

9. OTHER GAINS AND LOSSES

	2011 HK$'000	2010 HK$'000
Gain on disposal of subsidiaries	**18,684**	–
Gain on compensation from joint venture *(Note)*	**20,000**	–
Gain on waiver of other payables	**591**	–
Fair value change on investment property	**(1,560)**	(2,640)
Impairment loss of other receivables	**(407)**	(152)
Impairment loss of intangible asset	**(3,000)**	(15,000)
	34,308	(17,792)

Note:

The Group entered into a termination agreement with a non-controlling shareholder on 20 October 2010 and recognised a gain of HK$20,000,000 on compensation from termination of coal business cooperation in Zheng Zhou. The Group is still in progress for the deregistration of the subsidiary at the reporting date. For further details, please refer to the Company's announcement dated on 20 October 2010.

10. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

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

	2011 HK$'000	2010 HK$'000
Cost of inventories sold	**985,624**	1,001,552
Auditors' remuneration	**900**	500
Depreciation of property, plant and equipment	**760**	905
Amortisation of prepaid lease payments	**19**	20
Minimum lease payments under operating leases of rented premises	**3,422**	1,578
Loss on disposal of property, plant and equipment	**53**	410
Staff costs (including Directors' remuneration)		
– Salaries and wages	**12,702**	14,782
– Mandatory provident fund contributions	**138**	199
– Equity-settled share option expenses	**1,877**	18,000

Notes to the Consolidated Financial Statements

31 March 2011

11. DIRECTORS' REMUNERATION

The Board is currently composed of eight executive Directors and three independent non-executive Directors. Directors' remuneration disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, are as follows:

Name of Directors	Fee		Salaries and bonuses		Mandatory provident fund contributions		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Executive Directors								
Dr. Zhuo Ze Fan (appointed on 30 July 2010)	**–**	–	**232**	–	**8**	–	**240**	–
Dr. William Rakotoarisaina (appointed on 30 July 2010)	**–**	–	**232**	–	**–**	–	**232**	–
Mr. Shen Hao	**–**	–	**446**	161	**–**	–	**446**	161
Mr. Feng Da Wei	**–**	–	**446**	161	**–**	–	**446**	161
Mr. Li Jiangdong (appointed on 6 October 2010)	**–**	–	**121**	–	**–**	–	**121**	–
Mr. Hu Zhongmin (appointed on 6 October 2010)	**–**	–	**121**	–	**–**	–	**121**	–
Ms. Xie Yiping (appointed on 6 October 2010)	**–**	–	**121**	–	**–**	–	**121**	–
Mr. Liu Xingyuan (appointed on 28 February 2011)	**–**	–	**21**	–	**–**	–	**21**	–
Dr. Wang Tao (resigned on 27 April 2011)	**–**	–	**446**	642	**–**	–	**446**	642
Mr. Wang Sen Hao (retired on 3 September 2010)	**–**	–	**268**	425	**–**	–	**268**	425
Dr. Hui Chi Ming (resigned on 30 July 2010)	**–**	–	**480**	1,560	**4**	12	**484**	1,572
Mr. Cheung Shing (resigned on 6 October 2010)	**–**	–	**480**	775	**6**	12	**486**	787
Mr. Bian Qijun (retired on 3 September 2010)	**–**	–	**268**	107	**–**	–	**268**	107
Dr. Chui Say Hoe (resigned on 6 October 2010)	**–**	–	**321**	696	**6**	12	**327**	708
Mr. Ching Men Ky, Carl (resigned on 6 October 2010))	**–**	–	**321**	642	**–**	–	**321**	642
Mr. Cui Yeng Xu (resigned on 6 October 2010)	**–**	–	**321**	696	**–**	–	**321**	696
Mr. Fibiolla Irianni Ohei (resigned on 30 July 2010)	**–**	–	**200**	532	**–**	–	**200**	532
Non-executive Directors								
Mr. Chow Cham Ki, Kenneth (retired on 31 August 2009)	**–**	54	**–**	–	**–**	–	**–**	54
Mr. Fok Chun Wan, Ian (resigned on 25 September 2009)	**–**	500	**–**	–	**–**	–	**–**	500
Independent-non-executive Directors								
Mr. Ng Wing Ka	**128**	128	**–**	–	**–**	–	**128**	128
Mr. Leung Ting Yuk	**128**	43	**–**	–	**–**	–	**128**	43
Nr. Ng Tang (appointed on 25 November 2010)	**45**	–	**–**	–	**–**	–	**45**	–
Dr. Yu Sun Say (retired on 3 September 2010)	**54**	128	**–**	–	**–**	–	**54**	128
Mr. Edmond Siu (resigned on 1 December 2009)	**–**	86	**–**	–	**–**	–	**–**	86
	355	939	**4,845**	6,397	**24**	36	**5,224**	7,372

Notes to the Consolidated Financial Statements

31 March 2011

11. DIRECTORS' REMUNERATION *(Continued)*

The remuneration of the Directors fell with the following bands:

	Number of Directors	
	2011	2010
HK$		
Nil – 1,000,000	**21**	16
1,000,001 – 1,500,000	**–**	–
1,500,001 – 2,000,000	**–**	1

Included in the Directors' remuneration were fees of approximately HK$355,000 (2010: HK$385,000) paid to independent non-executive Directors. No fees were paid to executive Directors and non-executive Directors during the year (2010: HK$554,000).

During the year, no bonus was paid to the Directors (2010: Nil). No Directors waived or agreed to waive any remuneration during the year (2010: Nil). In addition, no emoluments were paid by the Group to the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office (2010: Nil).

During the year, no share options were granted to the Directors to subscribe for ordinary shares of the Company under the Company's share option scheme (2010: Nil).

12. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during the year included four (2010: four) Directors, details of whose remuneration are set out in Note 11 to the consolidated financial statements above. The remuneration of a remaining (2010: one) non-Director, highest paid individual, who fell within HK$1,000,001 – HK$1,500,000 (2010: Nil – HK$1,000,000), is as follows:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Basic salaries and bonuses	**1,288**	696
Mandatory provident fund contributions	**12**	12
	1,300	708

During the year, no bonus was paid to the five highest paid individuals of the Group (2010: Nil). No emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as a compensation for loss of office (2010: Nil).

During the year, no share options to subscribe for ordinary shares of the Company were granted to employees under the Company's share option scheme (2010: Nil).

Notes to the Consolidated Financial Statements

31 March 2011

13. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Effective interest on convertible notes wholly repayable within five years	–	1,954

14. TAXATION

(a) No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits for the year (2010: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2011 HK$'000	2010 HK$'000
Current taxation		
Charge for the year – Overseas	**2,743**	3,405
Deferred taxation		
Convertible notes	–	(148)
Revaluation of investment property	**(421)**	(709)
	(421)	(857)
Total tax charged for the year	**2,322**	2,548

Notes to the Consolidated Financial Statements

31 March 2011

14. TAXATION *(Continued)*

(b) Reconciliation between tax expenses and accounting profit at applicable tax rates:

The Group – for the year ended 31 March 2011

	Hong Kong		The PRC		Macau		Madagascar		Total	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Profit before taxation	**6,294**		**(35)**		**22,844**		**(3,768)**		**25,335**	
Tax at applicable income tax rate	**1,039**	**16.5**	**(9)**	**(25.0)**	**2,743**	**12.0**	**(830)**	**(22.0)**	**2,943**	**11.6**
Tax effect of expenses and income not deductible or taxable	**3,580**	**56.8**	**2**	**5.0**	**–**	**–**	**12**	**0.3**	**3,594**	**14.2**
Unrecognised temporary difference	**(3)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3)**	**–**
Change in tax rate	**–**	**–**	**–**	**–**	**–**	**–**	**(77)**	**(2.0)**	**(77)**	**(0.3)**
Tax effect of tax loss not recognised	**(4,616)**	**(73.3)**	**7**	**20**	**–**	**–**	**474**	**12.6**	**(4,135)**	**(16.3)**
Tax charge for the year	**–**	**–**	**–**	**–**	**2,743**	**12.0**	**(421)**	**(11.1)**	**2,322**	**9.2**

The Group – for the year ended 31 March 2010

	Hong Kong		The PRC		Macau		Madagascar		Total	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Loss before taxation	(61,346)		(42)		28,308		(11,715)		(44,795)	
Tax at applicable income tax rate	(10,119)	(16.5)	(10)	(25.0)	3,397	12.0	(2,721)	(23.0)	(9,453)	(21.1)
Tax effect of expenses and income not deductible or taxable	5,445	8.9	(78)	(185.7)	–	–	–	–	5,367	12.0
Unrecognised temporary difference	(142)	(0.2)	–	–	–	–	(607)	(5.2)	(749)	(1.7)
Change in tax rate	–	–	–	–	–	–	(102)	(0.9)	(102)	(0.2)
Tax effect of tax loss not recognised	4,668	7.6	88	210.7	8	–	2,721	23.0	7,485	16.7
Tax charge for the year	(148)	(0.2)	–	–	3,405	12.0	(709)	(6.1)	2,548	5.7

Notes to the Consolidated Financial Statements

31 March 2011

15. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 March 2011 includes a profit of HK$3,792,000 (2010: loss of HK$25,495,000) which has been dealt with in the financial statements of the Company.

16. DIVIDENDS

The Directors do not recommend the payment of any dividends for the year ended 31 March 2011 (2010: Nil).

17. EARNINGS/(LOSS) PER SHARE

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

	2011 ***HK$'000***	2010 *HK$'000*
Earnings/(loss)		
Earnings/(loss) attributable to owners of the Company for the purpose of basic and dilutive earnings/(loss) per share	**23,013**	(47,343)

Number of shares

	2011 ***'000***	2010 *'000*
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**6,190,784**	6,094,855
Effect of dilutive potential ordinary shares: Share options	**23,407**	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**6,214,191**	6,094,855

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

18. PROPERTY, PLANT AND EQUIPMENT

The Group

	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost:			
At 1 April 2009	3,096	1,300	4,396
Additions	189	1,125	1,314
Written off	(1,886)	–	(1,886)
At 31 March 2010 and 1 April 2010	1,399	2,425	3,824
Additions	432	1,786	2,218
Written off	(375)	–	(375)
At 31 March 2011	1,456	4,211	5,667
Accumulated depreciation:			
At 1 April 2009	1,828	391	2,219
Charge for the year	353	552	905
Eliminated on written off	(1,476)	–	(1,476)
At 31 March 2010 and 1 April 2010	705	943	1,648
Charge for the year	158	602	760
Eliminated on written off	(322)	–	(322)
At 31 March 2011	541	1,545	2,086
Net book value:			
At 31 March 2011	**915**	**2,666**	**3,581**
At 31 March 2010	694	1,482	2,176

The Company

	Furniture, fixtures and equipment *HK$'000*
Cost:	
At 1 April 2009, 31 March 2010 and 1 April 2010	–
Additions	276
At 31 March 2011	276
Accumulated depreciation:	
At 1 April 2009, 31 March 2010 and 1 April 2010	–
Charge for the year	58
At 31 March 2011	58
Net book value:	
At 31 March 2011	**218**
At 31 March 2010	–

Notes to the Consolidated Financial Statements

31 March 2011

19. PREPAID LEASE PAYMENTS

	The Group	
	2011	2010
	HK$'000	*HK$'000*
The Group's prepaid lease payments comprise:		
Land outside Hong Kong under medium term lease	**916**	935
Analysed for reporting purposes as:		
Current portion (include in prepayments, deposits and other receivables) *(Note 25)*	**19**	19
Non-current portion	**897**	916
	916	935
Analysed for reporting purposes as:		
At the beginning of the year	**935**	955
Amortisation for the year	**(19)**	(20)
At the end of the year	**916**	935

Amortisation on prepaid lease payments of approximately HK$19,000 (2010: HK$20,000) have been charged to profit or loss for the year.

20. INVESTMENT PROPERTY

The Group	*HK$'000*
Fair value	
At 1 April 2009	12,000
Fair value changes	(2,640)
At 31 March 2010 and 1 April 2010	9,360
Fair value changes	(1,560)
At 31 March 2011	**7,800**

The fair value of the Group's investment property at 31 March 2011 and 2010 has been arrived at on the basis of a valuation carried out on that date by Ascent Partners Group Limited ("Ascent Partners"), independent qualified professional valuer not connected with the Group. Ascent Partners is a fellow member of the Royal Institution of Chartered Surveyors and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to comparable market approach.

The property is held for capital appreciation and is measured using the fair value model and is classified and accounted for as an investment property.

The Group's investment property is situated outside Hong Kong and is held under long term lease.

Notes to the Consolidated Financial Statements

31 March 2011

21. INTANGIBLE ASSET

The Group

	Petroleum related business license *HK$'000*
Cost	
At 1 April 2009, 31 March 2010, 1 April 2010 and 31 March 2011	249,842
Impairment	
At 1 April 2009	191,842
Impairment loss recognised during the year	15,000
At 31 March 2010 and 1 April 2010	206,842
Impairment loss recognised during the year	3,000
At 31 March 2011	209,842
Carrying amount	
At 31 March 2011	**40,000**
At 31 March 2010	43,000

The intangible asset represents a petroleum related business license which allow the Group to carry on the business of import, transportation and distribution of petroleum in Madagascar. The business license has a remaining legal life of two to four years but is renewable every five to seven years by paying a fee of approximately HK$2,028,000. The Directors are not aware of any expected impediment with respect to the renewal of the license and consider that the possibility of failing in license renewal is remote and the license will generate net cash inflows for the acquiring entity for an indefinite period. Therefore, the license is treated as having an indefinite useful life.

During the year, the Group carried out a review of the recoverable amount of its intangible asset, having regard to its petroleum related business license. The review led to the recognition of an impairment loss of approximately HK$3,000,000 (2010: HK$15,000,000), that has been recognised in profit or loss. The recoverable amount of the intangible asset has been determined based on approved cash flow projections covering twelve-year period, as the Directors consider that it will take longer period to commence and realise the future economic benefits of the petroleum related business. Cash flow projections during the budget period are based on the some expected gross margins during the budget period. The discount rate used in measuring value in use was 17.26% (2010: 17.36%).

A valuation of the intangible asset was carried out at the end of the reporting period by Cushman & Wakefield Valuation Advisory Services (HK) Limited ("Cushman & Wakefield") (2010: BMI Appraisals Limited ("BMI Appraisals")), independent qualified professional valuer not connected with the Group. Cushman & Wakefield and BMI Appraisals have appropriate qualifications and recent experiences in the valuation of similar assets.

22. EXPLORATION AND EVALUATION ASSETS

	HK$'000
Cost	
At 1 April 2009, 31 March 2010, 1 April 2010 and 31 March 2011	12,238,815
Accumulated impairment	
At 1 April 2009, 31 March 2010, 1 April 2010 and 31 March 2011	3,757,059
Carrying amount	
At 31 March 2010 and 31 March 2011	**8,481,756**

Notes:

i. The exploration and evaluation assets represent the oil, gas exploration, exploitation and operations rights and profit sharing rights at Oilfield Block 2104 and Oilfield Block 3113 in Madagascar, onshore sites for oil, gas exploration, exploitation and operation, and expenditure paid for provision of services on activities relating to evaluation of the technical feasibility and commercial viability of extracting oil and gas in Oilfield Block 2104 and Oilfield Block 3113.

ii. The Group entered into an investment and cooperation agreement with Yanchang Petroleum and ECO on exploration, exploitation and operation in Oilfield Block 3113. Pursuant to the investment and cooperation agreement, the capital investment of Oilfield Block 3113 shall be contributed by Yanchang Petroleum, the Group and ECO in the proportion of 40%, 31% and 29% respectively.

iii. Valuations of the relevant exploration rights were carried out at the end of the reporting period by Cushman & Wakefield (2010: BMI Appraisals), independent qualified professional valuers not connected with the Group and have appropriate qualifications and recent experiences in the valuation of similar assets.

iv. The Group has adopted HKFRS 6 *Exploration for and Evaluation of Mineral Resources* and HKAS 36 *Impairment of Assets* which require the Group to assess any impairment at each reporting date. The Directors are of the opinion that no further impairment of exploration and evaluation assets was required as at 31 March 2011 and 2010.

The Group is required to assess at each reporting date any indicator that a previously recognised impairment loss no longer exists or has decreased. If there is such an indication, management should estimate the recoverable amount and determine whether any impairment reversal is appropriate.

The Directors are of the opinion that the current short-term oil price movements do not result in an impairment reversal for the long-life exploration rights.

Notes to the Consolidated Financial Statements

31 March 2011

23. INTERESTS IN SUBSIDIARIES

The Company

	2011	2010
	HK$'000	*HK$'000*
Unlisted shares, at cost	**4,847,005**	4,847,082
Amounts due from subsidiaries	**1,059,207**	1,064,161
	5,906,212	5,911,243
Less: Provision for impairment loss on amounts due from subsidiaries *(Note)*	**(23,201)**	(46,237)
	5,883,011	5,865,006
Amounts due to subsidiaries	**71,004**	177,935

The amounts due from subsidiaries are unsecured, interest-free and not repayable within one year from the end of the reporting period and the amounts are therefore shown as non-current assets.

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Note:

The Directors estimate the investment costs and the amounts due from subsidiaries by discounting their future cash flow at the prevailing market borrowing rate. In view of the net liabilities position of the Company's subsidiaries as at 31 March 2011 and 2010, the Directors considered that the amounts due from subsidiaries would not be recoverable, and thus they conclude it is appropriate to make provision for impairment loss on amounts due from subsidiaries. The movement of provision for impairment loss on amounts due from subsidiaries are as follows:

	2011	2010
	HK$'000	*HK$'000*
At the beginning of the year	**46,237**	38,516
Reversal of impairment loss recognised	**(29,526)**	–
Impairment loss recognised	**6,490**	7,721
At the end of the year	**23,201**	46,237

23. INTERESTS IN SUBSIDIARIES *(Continued)*

The Company *(Continued)*

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ establishment	Nominal value of issued and fully paid-up share/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Metro City Group Limited	British Virgin Islands ("BVI")	Ordinary US$1	100	–	Investment holding
Pilot Wisdom Limited	Hong Kong	Ordinary HK$100	–	100	Provision of administrative services to fellow subsidiaries
Panaview Trading Limited	Macau	Ordinary US$1	–	100	Provision of administrative services to fellow subsidiaries
深圳中聯石油化工有限公司*	The PRC	Paid-up capital US$150,000	–	100	Provision of marketing and technical support services in the PRC
Reachasia Group Limited	BVI	Ordinary US$100	–	100	Investment holding
Madagascar Energy International Limited	BVI	Ordinary US$1,000	93	7	Oil and gas exploration, exploitation and operation
Dolaway Group Limited	BVI	Ordinary US$100	100	–	Investment holding
Madagascar Energy International Gas Station Group Ltd	Madagascar	Ordinary Ar.10,000,000	100	–	Import, transportation and distribution of petroleum
Sino Union Petroleum and Chemical Import & Export Group Limited	BVI	Ordinary US$1,000	–	100	Trading of fuel oil
Madagacar Petroleum International Limited	BVI	Ordinary US$1,000	–	100	Oil and gas exploration, exploitation and operation
Zheng Zhou Sino Union Energy Business Development Limited*	PRC	Ordinary RMB66,000,000	–	80	Inactive
Shaanxi Sino Union Energy Limited**	PRC	Ordinary RMB30,000,000	–	95	Inactive
Market Reach Group Limited***	BVI	Ordinary US$10,000	100	–	Inactive
Kurow Agents Limited***	BVI	Ordinary US$10	–	100	Inactive
Revolving Maze Trading Limited***	BVI	Ordinary US$10	–	100	Inactive

Notes to the Consolidated Financial Statements

31 March 2011

23. INTERESTS IN SUBSIDIARIES *(Continued)*

The Company *(Continued)*

Name	Place of incorporation/ establishment	Nominal value of issued and fully paid-up share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Harvest Star Investment Limited***	BVI	Ordinary US$1	100	–	Inactive
Prime Rose Investment Limited***	BVI	Ordinary US$10	–	100	Inactive
Minglun Industrial Limited***	Hong Kong	Ordinary US$2	–	100	Inactive
Minglum Industrial (H.K.) Limited***	Hong Kong	Ordinary US$2	–	100	Inactive

* *深圳中聯石油化工有限公司 and Zheng Zhou Sino Union Energy Business Development Limited are wholly foreign owned enterprise established in the PRC.*

** *Shaanxi Sino Union Energy Limited is a sino-foreign equity joint venture.*

*** *Subsidiaries were disposed of during the year. Further details of disposal are included in Note 33 to the consolidated financial statement.*

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

24. TRADE RECEIVABLES

The Group

Trade receivables, which generally have credit terms of 30 days (2010: 30 days), are recognised and carried at the original invoiced amount less provision for impairment loss. It is the Group's policy to provide full impairment loss for all receivables over 1 year because historical experience such that receivables that are past due beyond 1 year are generally not recoverable. Trade receivables are non-interest-bearing.

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

	2011	2010
	HK$'000	*HK$'000*
0 to 30 days	**91,166**	53,921

Based on past experience, the Directors believe that no impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. There is no trade receivables which are past due at the end of the reporting period but not impaired. The Group does not hold any collateral or other credit enhancements over these balances.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	2011	2010
	HK$'000	*HK$'000*
Trade deposits	**24,805**	15,502
Other deposits	**1,288**	324
Prepaid lease payments *(Note 19)*	**19**	19
Deposits paid for jointly-controlled operations	**109,470**	–
Other receivables	**3,477**	2,703
	139,059	18,548
Less: Impairment loss in respect of other receivables *(Note)*	**(2,793)**	(2,386)
	136,266	16,162

The amounts were recoverable on demand.

Note:

During the year, the Group carried out a review on recoverable amounts of other receivables. The review led to the recognition of an impairment loss of other receivables of approximately HK$407,000 (2010: HK$152,000), that has been recognised in profit or loss. The impairment loss recognised is due to the financial difficulties of the debtors, the Directors considered that such amounts would not be recoverable.

Movement in the provision for impairment loss recognised in respect of other receivables is summarised as follows:

	2011	2010
	HK$'000	*HK$'000*
Balance at the beginning of the year	**2,386**	2,234
Impairment loss recognised during the year	**407**	152
Balance at the end of the year	**2,793**	2,386

In determining the recoverability of other receivables, the Group considers any change in credit quality of the other receivables from the date credit was initially granted up to the end of the reporting period. The impairment loss recognised represents the difference between the carrying amount of the specific other receivables and the present value of the expected recoverable amount.

The 3113 Joint Management Committee was established by the Group, Yanchang Petroleum and ECO to jointly invest and manage the exploration, exploitation and operations of Oilfield Block 3113. Pursuant to the agreement, the Company, ECO and Yanchang shall contribute 31%, 29% and 40% of the required investment for the development of Oilfield Block 3113 respectively.

Notes to the Consolidated Financial Statements

31 March 2011

26. AMOUNT DUE FROM A NON-CONTROLLING SHAREHOLDER

Name of non-controlling shareholders	Highest balance during the year HK$'000	2011 HK$'000	2010 HK$'000
陝西僑商投資有限公司	1,422	**1,422**	–
河南省桂圓實業有限公司	15,334	**–**	15,035
		1,422	15,035

The balance as at 31 March 2011 represented outstanding capital to be injected by a non-controlling shareholder to Shaanxi Sino Union Energy Limited ("Shaanxi Sino Union"), a subsidiary of the Group, within two years since the incorporation date of Shaanxi Sino Union.

27. SHARE CAPITAL

Shares

	Number of shares		Share capital	
	2011 '000	2010 '000	**2011 HK$'000**	2010 HK$'000
Authorised:				
Ordinary shares of HK$0.02 each	**10,000,000**	10,000,000	**200,000**	200,000
Issued and fully paid:				
At the beginning of the year, ordinary shares of HK$0.02 each	**6,113,464**	6,022,464	**122,269**	120,449
Issue of ordinary shares *(Note i)*	**206,000**	–	**4,120**	–
Conversion of convertible note *(Note ii)*	**–**	80,000	**–**	1,600
Exercise of share options *(Note iii)*	**–**	11,000	**–**	220
At the end of the year, ordinary shares of HK$0.02 each	**6,319,464**	6,113,464	**126,389**	122,269

Notes:

(i) On 15 November 2010, the Company entered into a subscription agreement with an independent third party pursuant to which the independent third party has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 206,000,000 shares in cash at the subscription price of HK$0.675 per share for the purpose of raising capital for the Group's oil and gas business in Madagascar. The new shares rank pari passu in all respects with the existing shares. For details, please refer to the Company's announcement dated 4 November 2010.

(ii) On 15 June 2009, Mr. Chan Ping Che, the holder of the convertible notes, has converted HK$100,000,000 convertible note, representing the whole principal amount of convertible notes, at conversion price of HK$1.25 per share. As a result of the conversion, a total of 80,000,000 ordinary shares have been allotted and duly issued and the aggregate outstanding principal of the convertible note has been reduced to nil. These shares issued rank pari passu in all respects with the existing shares.

(iii) During the year ended 31 March 2010, the Company issued 11,000,000 shares of HK$0.02 each at an issue price of HK$0.1324 per share on exercise of share options which were granted on 8 November 2004. These shares issued rank pari passu in all respects with the existing shares.

27. SHARE CAPITAL *(Continued)*

Share Options

Share Option Scheme

The Company operates a share option scheme ("the Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme included the Company's Directors and other employees of the Group. The Scheme was adopted on 1 November 2002 and, unless otherwise cancelled or amended, will remain in force for ten years from that date.

The maximum number of shares in respect of which share options may be granted under the Scheme shall not exceed 10% of the share capital of the Company in issue as at the date of approval of the Scheme. In addition, the maximum number of shares in respect of which share options may be granted to any eligible person within any 12 month period is limited to 1% of the shares of the Company in issue at any time. Any future grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The exercise price of the share options is determinable by the Directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a business day; (ii) the average closing price of the Company's shares as stated on the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

The offer of a grant of share options may be accepted within 28 days from the date of the offer with a consideration of HK$1 being payable by the grantee. An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date on which the offer is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof and to the minimum period for which the option has to be held before it can be exercise as the Directors may at their discretion determine.

(i) The Group recognises the fair value of share options granted as an expense in profit or loss over the vesting period with a corresponding increase being recognised in share option reserve. The share option reserve is transferred to share capital and share premium, together with the exercise price, when the option holder exercise its rights. As a transitional provision, the cost of share option granted after 7 November 2002 and had not yet vested on 1 January 2005 were expensed retrospectively in profit or loss of the respective periods.

(ii) All share options granted are not expensed as the options were all vested before 1 January 2005 and not subject to the requirements of HKFRS 2.

Notes to the Consolidated Financial Statements

31 March 2011

27. SHARE CAPITAL *(Continued)*

Share Options *(Continued)*

Share Option Scheme *(Continued)*

The following tables disclose movements in the Company's share options during the years ended 31 March 2011 and 2010:

31 March 2011

Name or category of participant	Option type	Number of share options: At 1 April 2010	Granted during the year	Exercised during the year	Lapsed during the year	At 31 March 2011	Date of grant of share options* (dd/mm/yy)	Exercise period of share options (dd/mm/yy)	Exercise price of share options HK$	Price of Company's share at grant date of share options HK$
Employees other than Directors	2004	29,000,000	–	–	–	29,000,000	8/11/2004	8/11/2004 to 7/11/2014	0.132	0.13
Employees other than Directors	2010(A)	–	1,000,000	–	–	1,000,000	10/12/2010	10/12/2011 to 9/12/2015	0.7	0.68
	2010(A)	–	1,000,000	–	–	1,000,000	10/12/2010	10/12/2012 to 9/12/2015	0.7	0.68
Consultant	2010(B)	–	10,000,000	–	–	10,000,000	10/12/2010	10/6/2011 to 9/12/2013	0.7	0.68
		29,000,000	12,000,000	–	–	41,000,000				

31 March 2010

Name or category of participant	Option type	Number of share options: At 1 April 2009	Granted during the year	Exercised during the year	Lapsed during the year	At 31 March 2010	Date of grant of share options* (dd/mm/yy)	Exercise period of share options (dd/mm/yy)	Exercise price of share options HK$	Price of Company's share at grant date of share options HK$
Employees other than Directors	2004	40,000,000	–	(11,000,000)	–	29,000,000	8/11/2004	8/11/2004 to 7/11/2014	0.132	0.13

* *The vesting period of the share options is from the date of grant until the commencement of the exercise period.*

Note:

At 31 March 2011, the number of shares in respect of which share options had been granted and remained outstanding under the Scheme was 41,000,000 (2010: 29,000,000), representing 0.65% (2010: 0.47%) of the shares of the Company in issue at that date. The weighted average exercise price per share as at 31 March 2011 was HK$0.298 (2010: HK$0.132).

27. SHARE CAPITAL *(Continued)*

Share Options *(Continued)*

Share Option Scheme *(Continued)*

The fair value of the share options granted under the Scheme was HK$3,520,000 (2010: Nil) of which the Group recognised a share option expense of HK$1,877,000 (2010: Nil) during the year ended 31 March 2011.

The fair value of the share options granted during the year were priced using Binomial Option Pricing Model. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of a share option varies with different variable of certain subjective assumptions.

Expected volatility was determined by using the historical volatility of the Company's share price volatility.

Inputs into the model:

To an employee

Option type	2010(A)
Grant date share price	HK$0.68
Exercise price	HK$0.7
Expected volatility	81.109%
Option life	5 years
Dividend yield	0%
Risk-free interest rate	1.710%

To a consultant

Option type	2010(B)
Grant date share price	HK$0.68
Exercise price	HK$0.7
Expected volatility	69.641%
Option life	3 years
Dividend yield	0%
Risk-free interest rate	1.014%

Options pursuant to the general mandate granted on 25 September 2008

In return for the cooperation with Mr. Jing to establish Zheng Zhou Sino Union, the Company granted an option to Mr. Jing to subscribe for 300,000,000 new shares at HK$0.9 per option share ("Jing Option"). The Jing Option is exercisable at any time from the date of grant of the option to the day immediately preceding the first anniversary of grant of the option.

The option shares were issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 25 September 2008.

Notes to the Consolidated Financial Statements

31 March 2011

27. SHARE CAPITAL *(Continued)*

Share Options *(Continued)*

Options pursuant to the general mandate granted on 25 September 2008 *(Continued)*

The following tables disclose movements in the Jing Option during the years ended 31 March 2011 and 2010:

31 March 2011

Name or category of participant	Number of share options: At 1 April 2010	Granted during the year	Exercised during the year	Lapsed during the year	At 31 March 2011	Date of grant of share options* *(dd/mm/yy)*	Exercise period of share options *(dd/mm/yy)*	Exercise price of share options *HK$*	Price of Company's share at grant date of share options *HK$*
Director of a subsidiary *(Note)*	300,000,000	–	–	(300,000,000)	–	11/11/2009	11/11/2009 to 10/11/2010	0.9	0.69

Note:

On 20 October 2010, the Group entered into a termination agreement with non-controlling shareholder to terminate the coal business of Zheng Zhou Sino Union and to forfeit Mr. Jing's right on the share options.

31 March 2010

Name or category of participant	Number of share options: At 1 April 2009	Granted during the year	Exercised during the year	Lapsed during the year	At 31 March 2010	Date of grant of share options* *(dd/mm/yy)*	Exercise period of share options *(dd/mm/yy)*	Exercise price of share options *HK$*	Price of Company's share at grant date of share options *HK$*
Director of a subsidiary *(Note)*	300,000,000	–	–	–	300,000,000	11/11/2009	11/11/2009 to 10/11/2010	0.9	0.69

Note:

At 31 March 2010, the number of shares in respect of which share options had been granted and remained outstanding under general mandate was 300,000,000, representing 4.91% of the shares of the Company in issue at that date.

The fair value of the share options granted and share option expenses recognised for the year ended 31 March 2010 was HK$18,000,000.

The fair value of the share options granted for the year ended 31 March 2010 were priced using Binomial Option Pricing Model. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of a share option varies with different variable of certain subjective assumptions.

27. SHARE CAPITAL *(Continued)*

Share Options *(Continued)*

Options pursuant to the general mandate granted on 25 September 2008 *(Continued)*

Expected volatility was determined by using the historical volatility of the Company's share price volatility.

Inputs into the model:

Grant date share price	HK$0.69
Exercise price	HK$0.9
Expected volatility	72%
Option life	1 year
Dividend yield	0.0%
Risk-free interest rate	0.12%

28. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 37 of the consolidated financial statements.

The Company

	Share premium *HK$'000* *(Note i)*	Contributed surplus *HK$'000* *(Note ii)*	Convertible notes reserve *HK$'000* *(Note iii)*	Share option reserve *HK$'000*	Accumulated loss *HK$'000*	Total *HK$'000*
At 1 April 2009	5,504,160	54,045	3,555	–	(93,201)	5,468,559
Conversion of convertible notes	99,605	–	(3,555)	–	–	96,050
Issue of ordinary shares upon exercise of share option	1,236	–	–	–	–	1,236
Equity-settled share option expenses	–	–	–	18,000	–	18,000
Total comprehensive loss for the year	–	–	–	–	(25,495)	(25,495)
At 31 March 2010 and 1 April 2010	5,605,001	54,045	–	18,000	(118,696)	5,558,350
Issue of ordinary shares	134,930	–	–	–	–	134,930
Cancellation of share options	–	–	–	(18,000)	18,000	–
Equity-settled share option expenses	–	–	–	1,877	–	1,877
Total comprehensive income for the year	–	–	–	–	3,792	3,792
At 31 March 2011	**5,739,931**	**54,045**	**–**	**1,877**	**(96,904)**	**5,698,949**

Notes to the Consolidated Financial Statements

31 March 2011

28. RESERVES *(Continued)*

The Company *(Continued)*

Notes:

(i) The share premium account of the Company includes (i) shares issued at premium of approximately HK$3,869,872,000 (2010: HK$3,734,942,000), and (ii) special reserve of approximately HK$1,870,059,000 (2010: HK$1,870,059,000) included in the share premium, debited amount of approximately HK$650,774,000 represents the difference between the fair value and the contracted value of the consideration shares paid for acquisitions of subsidiaries during the year ended 31 March 2009.

(ii) The contributed surplus of the Company represents the difference between the combined net assets value of the subsidiaries acquired pursuant to Group Reorganisation over the nominal value of the shares of the Company issued in exchange therefor.

(iii) The convertible notes reserve represents the equity components of convertible notes. Convertible notes issued are split into their liability and equity components at initial recognition. The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible note. The value of the equity conversion component, calculated with reference to valuation carried out by an independent valuer not connected to the Group.

(iv) The Company had distributable reserves of approximately HK$3,827,013,000 at 31 March 2011 (2010: HK$3,670,291,000), which included the Company's contributed surplus in the amount of approximately HK$54,045,000 (2010: HK$54,045,000). Under the Companies Act of Bermuda, the contributed surplus is distributable to owners of the Company in certain circumstances. In addition, the Company's share premium account, in the amount of approximately HK$3,869,872,000 at 31 March 2011 (2010: HK$3,734,942,000), may be distributed in the form of fully paid bonus shares.

29. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**61,327**	36,989
Other payables	**28,356**	37,047
	89,683	74,036

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

	2011	2010
	HK$'000	*HK$'000*
0 to 30 days	**61,327**	36,989

The trade payables are non-interest-bearing and have an average credit period on purchases of one to three months.

Notes to the Consolidated Financial Statements

31 March 2011

30. AMOUNTS DUE TO RELATED COMPANIES

The Group and the Company

The amounts due were unsecured, interest-free and repaid during the year (2010: repayable on demand).

31. AMOUNT DUE TO A DIRECTOR

The Group and the Company

The amount due was unsecured, interest-free and repaid during the year (2010: repayable on demand).

32. DEFERRED TAXATION

The Group

	Convertible notes *HK$'000*	Investment property *HK$'000*	Total *HK$'000*
At 1 April 2009	613	2,475	3,088
Reversal of deferred tax liabilities due to conversion of convertible notes	(465)	–	(465)
Effect on change in tax rate	–	(102)	(102)
Credited to profit or loss during the year	(148)	(607)	(755)
At 31 March 2010 and 1 April 2010	–	1,766	1,766
Effect on change in tax rate	–	(77)	(77)
Credited to profit or loss during the year	–	(344)	(344)
At 31 March 2011	**–**	**1,345**	**1,345**

The Company

	Convertible notes *HK$'000*
At 1 April 2009	613
Reversal of deferred tax liabilities due to conversion of convertible notes	(465)
Credited to profit or loss during the year	(148)
At 31 March 2010, 1 April 2010 and 31 March 2011	–

The Group and the Company did not have any significant unprovided deferred tax liabilities at 31 March 2011 (2010: Nil).

Notes to the Consolidated Financial Statements

31 March 2011

33. DISPOSAL OF SUBSIDIARIES

On 31 August 2010, the Group entered into sale and purchase agreements to disposal of its 100% equity interest in Market Reach Group Limited and its subsidiaries (collectively referred to as the "Market Group") and Harvest Star Investment Limited and its subsidiaries (collectively referred to as the "Harvest Group") to an independent third party for cash consideration of HK$1 respectively. Summary of the effects of the disposal is as follows:

	Market Group *HK$'000*	**Harvest Group** *HK$'000*	**Total** *HK$'000*
Net assets disposed of:			
Other receivables	–	10	10
Cash and bank balances	–	6	6
Tax payable	(6,531)	(12,169)	(18,700)
	(6,531)	(12,153)	(18,684)
Gain on disposal			18,684
Total consideration			–
Satisfied by:			
Cash			–
Net cash outflow arising on disposal:			
Cash consideration			–
Cash and bank balances disposed of			(6)
Net outflow of cash and cash equivalents			(6)

34. OPERATING LEASE ARRANGEMENTS

The Group leases an office property under operating lease arrangement. Lease for property is negotiated for a term of 3 years.

At 31 March 2011, the Group had total future minimum lease payments under a non-cancellable operating lease falling due as follows:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Within one year	**3,440**	–
In the second to fifth year, inclusive	**4,791**	–
	8,231	–

35. COMMITMENTS

As at 31 March 2011, the Group was committed to inject its outstanding registered capital to Shaanxi Sino Union of approximately RMB22,750,000 (equivalent to approximately HK$26,249,000).

36. CONTINGENT LIABILITIES

As at 31 March 2011, the Group and the Company had no contingent liabilities (2010: Nil).

37. MATERIAL RELATED PARTIES TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, during the year the Group had the following transactions with related parties.

Remuneration for key personnel management, including emoluments paid to the Company's Directors and certain highest paid employees, as disclosed in Notes 11 and 12 to the consolidated financial statements, are as follows:

Key management personnel

	2011	2010
	HK$'000	*HK$'000*
Salaries and allowance	**7,915**	7,336
Mandatory provident fund contributions	**36**	36
	7,951	7,372

Notes to the Consolidated Financial Statements

31 March 2011

37. MATERIAL RELATED PARTIES TRANSACTIONS *(Continued)*

During the year ended 31 March 2010, the Group had the following connect transactions with related parties:

Name of related parties	Relationship	Nature of transactions	2010 HK$'000
Gahood Holdings Limited*	A Director has beneficial interests	Rent and management fee paid	1,560

* *For the year ended 31 March 2011, Gahood Holdings Limited was no longer the related company of the Group.*

38. EVENTS AFTER THE REPORTING PERIOD

The Company entered into a share option agreement with Yanchang Petroleum, the substantial shareholder of the Company, pursuant to which, the Company has granted 1,000,000,000 share options to Yanchang Petroleum with the exercise price of HK$0.716 per option share. For details, please refer to the Company's circular dated on 20 May 2011.

39. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 28 June 2011.

Particulars of the Investment Property

31 March 2011

Location	Type	Tenure	Attributable interest of the Group
Villa NY Ambaniandro Propsper Emphyteose, the whole lot being 59441/59442A Section Bd No 1 – Vol II 230/N – 1205 Soanierana District, Antananarivo, The Republic of Madagascar	Vacant land	Long-term lease	100%