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

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

2013
Annual Report

** For identification purposes only*

Contents

Forward-looking statements (the "Statements") contained in this Annual Report (the "Report") relating to the forecast business plans, prospects, financial forecasting, and growth strategies of the Group. These Statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this Report. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These Statements may prove to be incorrect and may not be realised in future. Underlying these Statements is a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of Statements in this Report should not be regarded as representations by the board of directors or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. WANG Jian Sheng *(Chairman)*
Mr. YAO Guoliang

Independent Non-executive Directors
Ms. CHEUNG Siu Wan
Mr. GUO Yan Jun
Ms. LIN Yan

BOARD COMMITTEES

Audit Committee
Ms. CHEUNG Siu Wan *(Chairman)*
Mr. GUO Yan Jun
Ms. LIN Yan

Remuneration Committee
Ms. LIN Yan *(Chairman)*
Mr. GUO Yan Jun
Mr. WANG Jian Sheng

Nomination Committee
Mr. WANG Jian Sheng *(Chairman)*
Ms. CHEUNG Siu Wan
Mr. GUO Yan Jun

COMPANY SECRETARY

Ms. WONG Wai Han (Practising Solicitor) (Hong Kong)

AUTHORISED REPRESENTATIVES

Mr. WANG Jian Sheng
Mr. YAO Guoliang

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

LEGAL ADVISERS

Edwards Wildman Palmer (as to Hong Kong laws)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Rabobank International, Singapore Branch
Société Générale, Hong Kong Branch
Standard Chartered Bank (Hong Kong) Limited
The Bank of Tokyo-Mitsubishi UFJ Ltd., Singapore Branch
United Overseas Bank Ltd., Singapore Branch

WEBSITE

www.strongpetrochem.com

SHARE INFORMATION

The Stock Exchange of Hong Kong Limited
Stock code: 00852

Five Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial periods/years is set out below:

	2013#	2012+ (unaudited)	FY12/13*	FY11/12* (restated)	FY10/11*	FY09/10*
Results (HK$'000)						
Revenue	**20,875,730**	12,053,181	15,090,716	11,111,550	7,890,665	5,713,234
Profit (loss) before taxation	**377,841**	108,943	312,144	(122,564)	105,006	197,250
Taxation (charge) credit	**(4,543)**	(129)	(4,642)	11,895	(2,686)	4,347
Profit (loss) for the period/year	**373,298**	108,814	307,502	(110,669)	102,320	201,597
Consolidated Statement of Financial Position (HK$'000)						
Total assets	**6,360,269**	3,209,228	2,157,038	3,362,725	2,304,820	1,687,699
Total liabilities	**(4,909,393)**	(2,277,883)	(1,026,778)	(2,538,995)	(1,463,672)	(918,556)
Equity	**1,450,876**	931,345	1,130,260	823,730	841,148	769,143

* Year ended 31 March

+ Period from 1 April to 31 December 2012

Period from 1 April to 31 December 2013

Chairman's Statement

To all shareholders,

It is my pleasure to present the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the nine-month period ended 31 December 2013 (the "nine-month period"). In September 2013, the Group's financial year end date has been changed to 31 December, effective from 2013, so as to enable the Group to align its financial year end date with that of the subsidiaries incorporated in the People's Republic of China (the "PRC"). Accordingly, the current financial year covered a nine-month period from 1 April to 31 December 2013.

To facilitate meaningful comparison, in the following paragraphs, unless specified, the comparative figures refer to the result of the nine months from 1 April to 31 December 2012. It should be noted that the financial data for the nine-month period ended 31 December 2012 has not been reviewed nor audited by our auditor.

While the global financial markets remain volatile, the Group reported record high results for the nine-month period. Revenue for the nine-month period was approximately Hong Kong ("HK") Dollars ("HK$") 20,875.7 million (2012: approximately HK$12,053.2 million), representing an increase of approximately 73% compared with the same period of the previous year. Profit attributable to owners of the Company for the nine-month period was approximately HK$372.5 million (2012: approximately HK$108.5 million), which is approximately 3.4 times of that of last financial period. Considering the effect of imputed interest income from loan to Asia Sixth, normalised profit attributable to owners of the Company for the nine-month period was approximately HK$359.8 million (2012: approximately HK$125.3 million). Details are set out in the section of "Normalised Profit attributable to Owners of the Company" under "Management Discussion and Analysis".

The board of directors of the Company ("Directors", collectively the "Board") has proposed a final dividend of HK5 cents per ordinary share of the Company (year ended 31 March 2013: HK4 cents).

BUSINESS REVIEW AND PROSPECTS

Trading of Crude Oil, Petroleum Products and Petrochemicals

Benefited from the expansion of our businesses in the Asia Pacific region, the Group achieved an encouraging result in both revenue and profit margin during the nine-month period. The strategy of our crude oil business to focus on trading of better quality products with higher profit margin further improves the profitability of our trading business. During the nine-month period, our Singapore office and Macao office obtained some valuable new customers which broaden our revenue. For the petrochemicals market, we will dedicate our efforts in strengthening our competitive edge of the available storage facilities provided by our subsidiary in Nantong and developing solid relationship with existing and new customers to broaden the revenue in the future.

The economies of developed countries including the United States and Europe have been improving gradually in 2013. The crude oil price decreased slightly in the first half and increased in the second half of the year. The increase of oil price in the second half enhances profit margin of the Group as the value of oil inventories increases. Although the economic growth rate of the PRC declined slightly, the domestic demand for oil is still strong since the PRC's economic growth rate is still high compared to that of other major economies. Our Group will utilise the petroleum products wholesaling rights granted by the PRC government and our competitive edge to expand our business in the PRC.

Manufacture and Development of Chemical Products

Hainan Huizhi Petrochemical Fine Chemical Industry Limited Company ("Huizhi"), our 57% indirectly owned subsidiary in Yangpu Economic Development Zone, Hainan Province, will start its trial operations of manufacturing and processing aromatics and sec-Butyl Acetate in the second quarter of 2014. It is expected that Huizhi will manufacture and process mixed aromatics, including C_4 and C_5 with estimated annual capacities of 180,000 metric tons ("MT") and 50,000 MT respectively with full operation in place.

Chairman's Statement

Storage Business

Strong Petrochemical (Nantong) Logistics Company Ltd. ("Strong Nantong"), our non-wholly owned subsidiary, completed its trial operation of storage facilities with 21 storage tanks and a capacity of 139,000 cubic meters and commenced operations in June 2013. During the nine-month period, Strong Nantong completed the inspection of control of occupational diseases, environmental protection, safety facilities, and the oil gas reclamation plant. Strong Nantong also obtained the operation permit of dangerous chemicals storage in 2013. We are strongly confident that we can establish a domestic network and develop our distribution business based on storage facilities of Strong Nantong.

Acquisition of Vessel

During the nine-month period, Srithai Capital Co., Ltd. ("Srithai Capital"), a joint venture company of the Group, completed the acquisition of an oil tanker (the "Vessel") which will be used as a floating storage facility for self storage of oil products. We view this as a great opportunity for saving storage expenses for self storage and providing value added services to our customers.

Dividend

In view of the continuous growth in the Group's results and to reward our shareholders, it is proposed to declare a final dividend of HK5 cents per ordinary share of the Company for the nine-month period.

Prospect

In early 2014, the Group acquired 45,588,235 Class "A" common voting shares of Sunshine Oilsands Ltd. at a price of HK$1.70 per share for total gross proceeds of HK$77.5 million. Sunshine Oilsands Ltd, an energy company listed on the Hong Kong and Toronto Stock Exchange, is focused on the development of its significant holdings of oil sands leases in the Athabasca oil sands region of Alberta. This investment signified our growth strategies to invest in oil-related business. In the future, even though we have no specific target at this moment, we will still invest in upstream investment or other oil related investment project, with the use of surplus cash and/or appropriate corporate financing, so as to maximise the returns for our shareholders. The current financial period is the most profitable financial period since the incorporation of the Group. Looking forward to 2014, we are confident that the Group will take full advantage of new opportunities and strive to soar to a new height.

APPRECIATION

Lastly, on behalf of the Board, I would like to thank our shareholders and business partners for their continued confidence and support, my fellow directors and staff members for their dedication and contribution to the Group.

Wang Jian Sheng
Chairman

Hong Kong, 25 March 2014

Management Discussion and Analysis

BUSINESS REVIEW

Trading of Crude Oil, Petroleum Products and Petrochemicals

Facing keen competition and volatile economic environment, the Group strived to expand the trading business of crude oil, petroleum products and petrochemicals, and maintained stable growth during the nine-month period. We continued to adopt the strategy to trade better quality crude oil products with higher profit margin and recorded a slight increase in sales revenue. In 2013, our Singapore office commenced trading petroleum products and increased trading volume significantly. This successful development in the petroleum market was reflected in the increasing portion of the Group's revenue from 34% to 57%. During the nine-month period, the Group expanded its petrochemicals market of mixed C_4, ortho-xylene and methanol, especially in the PRC market.

Manufacture and Development of Chemical Products

We have acquired 57% equity interest of Huizhi which manufactures and processes chemical products. The C_4 and C_5 reformers, sec-Butyl Acetate processing equipment and liquefied petroleum gas pipelines construction were completed in October 2013. Huizhi completed the fine-tuning of the manufacturing areas in early March 2014 and it is expected to commence its trial operation in April 2014.

Storage Business

In June 2013, Strong Nantong, our non-wholly owned subsidiary, completed its trial operation of its storage facilities with 21 storage tanks and a capacity of 139,000 cubic meters. The reclamation rate of the oil gas reclamation plant reached 99.5%. The trading volume of re-filling platforms increased significantly to 2,050 MT per day during the nine-month period, compared with 1,200 MT per day in March 2013. For the nine-month period, the total throughput reached 849,744 MT.

Our storage facilities project in Tianjin is carried out by the Group's 15% owned associate, Sinochem Tianjin Port Petrochemical Terminal Co., Ltd. ("Tianjin Terminal"). The Phase 1 construction of storage tanks and facilities with a capacity of 420,000 cubic meters and the Phase 2 construction of storage tanks and facilities with a capacity of 540,000 cubic meters were in operation. Extended construction of storage tanks, with a capacity of 130,000 cubic meters is expected to be completed by the end of 2015. Tianjin Terminal is in the process of fine-tuning the construction work of port oil pipeline connection project with a capacity of 300,000 MT. After State Council of the PRC promulgated Regulation of Administration of Railway Safety, Tianjin Terminal communicated closely with State Railway Administration with regards to the railway construction project and the project is expected to be commenced in the second quarter of 2014.

FINANCIAL REVIEW

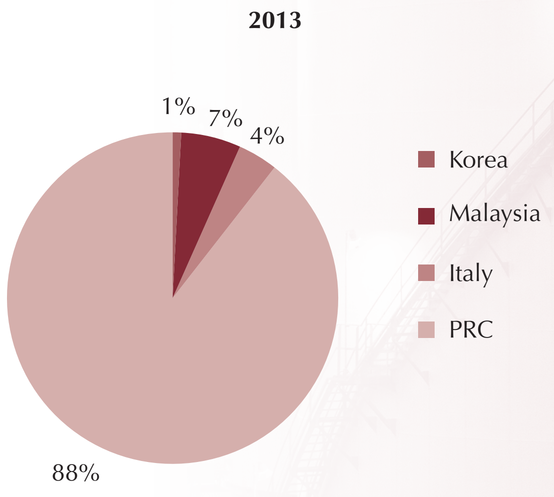
Revenue and Fair Value Changes on Derivative Financial Instruments

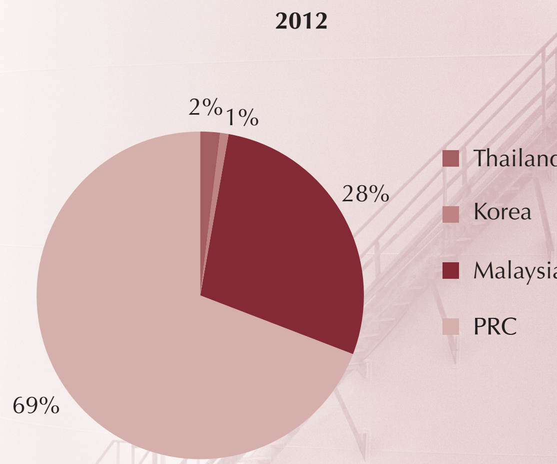
The Group is principally engaged in the trading of oil products. Approximately 40% (2012: 63%) of the Group's revenue was generated from trading of crude oil for the nine-month period, while the revenue generated from trading of petroleum products was approximately 57% (2012: 34%) and the revenue generated from trading of petrochemicals was approximately 3% (2012: 3%).

The revenue of the Group was approximately HK$20,875.7 million (2012: approximately HK$12,053.2 million) for the nine-month period, representing an increase of approximately 73% compared with same period last year. The trading volume of crude oil increased from 8,960,291 barrels ("BBL") to 9,722,054 BBL for the nine-month period which is primarily attributable to the development of business relationship with valuable new customers and increase in bank credit lines which provides the Group with more opportunities to raise trading volume. Due to the commencement of our Singapore office's trade in petroleum products in 2013 and other offices' effort to expand the petroleum market, the trading volume of petroleum products increased by almost 1.7 times from 677,561 MT to 1,804,947 MT for the nine-month period. The trading volume of petrochemicals increased from 34,541 MT to 76,307 MT since Nantong Strong International Trading Company Limited, our wholly owned subsidiary, and our Hong Kong office successfully expanded the business in the petrochemicals market by getting new customers and developing new products, such as ortho-xylene and methanol.

		Nine-month ended 31 December					
		2013			2012		
Products	Unit	**Number of shipment**	**Sales quantity**	**Revenue HK$'000**	Number of shipment	Sales quantity	Revenue HK$'000
Crude oil	BBL	**15**	**9,722,054**	**8,259,707**	16	8,960,291	7,604,442
Petroleum products	MT	**71**	**1,804,947**	**11,953,817**	136	677,561	4,145,404
Petrochemicals	MT	**131**	**76,307**	**662,206**	67	34,541	303,335
Total		**217**		**20,875,730**	219		12,053,181

Analysis of sales in percentage to total sales by location of delivery to the customers:





The increase in proportion of sales to customers in the PRC to total sales from 69% to 88% demonstrates that we have successfully expanded our business in the PRC. In the coming years, we will still focus on expanding businesses in the PRC market which oil demand is expected to grow steadily.

The Group has established trading teams as well as daily management oversight, manages the overall physical cargo price exposure and controls this through offsetting oil derivative contracts according to the Group's risk management policy. As part of our rigorous control process, a daily reporting system is adopted for all physical and derivative contracts. Such risk control system enables effective and timely management of the Group's exposure to market risk.

During the nine-month period, the Group reported a net profit on fair value changes on derivative financial instruments of approximately HK$50.6 million (2012: approximately HK$136.5 million), which was attributable to the Group entering derivative contracts.

Gross Profit

The overall gross profit of the Group increased to approximately HK$669.4 million (2012: approximately HK$170.5 million), representing an increase of approximately HK$498.9 million, for the nine-month period. The growth in gross profit was largely attributable to the increase in revenue and the expansion of business.

Normalised Profit attributable to Owners of the Company

As mentioned in last financial year's annual report, a shipment with approximately 902,000 net US barrels (the "Shipment") was concluded and delivered in March 2012. However, part of the revenue adjustment of the Shipment and most of the fair value changes on derivative financial instruments which the Group entered the derivative contracts in order to hedge the exposure to crude oil price volatility of the Shipment could only be recognised in the second quarter of 2012. The net profit of the Shipment recognised in the second quarter of 2012 was approximately HK$47.9 million.

As mentioned in the section of "Material Acquisitions and Disposals, and Future Plans for Material Investments" below, in March 2013, the Group entered into a sale and purchase agreement to dispose approximately 33.12% equity interest in the issued share capital of Asia Sixth Energy Resources Limited ("Asia Sixth") and 100% of the shareholder's loan. Therefore, share of losses of Asia Sixth of approximately HK$75.2 million and imputed interest income from loan to Asia Sixth of approximately HK$10.5 million were considered as one-off gain or loss in last financial period.

By excluding the nil balance of net profit effect of the Shipment (2012: HK$47.9 million), the nil balance of one-off share of losses of Asia Sixth (2012: approximately HK$75.2 million) and imputed interest income from loan to Asia Sixth of approximately HK$12.7 million (2012: approximately HK$10.5 million), the profit for the period attributable to owners of the Company is adjusted downward from approximately HK$372.5 million, under the best estimate by management, to a normalised profit for the period attributable to owners of the Company of approximately HK$359.8 million, approximately 3% less than the accounting profit the Group achieved.

	Period from 1 April to 31 December 2013 HK$ million	Period from 1 April to 31 December 2012 (Unaudited) HK$ million	Period from 1 April 2012 to 31 March 2013 HK$ million
Profit for the period attributable to owners of the Company	**372.5**	108.5	308.7
Deduct: Net profit of the Shipment	**–**	(47.9)	(47.9)
Add: Share of losses of Asia Sixth	**–**	75.2	100.3
Deduct: Imputed interest income from loan to Asia Sixth	**(12.7)**	(10.5)	(14.1)
Deduct: Gain on change in estimated cash flows in respect of loan to Asia Sixth	**–**	–	(83.6)
Deduct: Reversal of impairment loss on interest in Asia Sixth	**–**	–	(81.4)
Underlying earnings after tax	**359.8**	125.3	182.0

Liquidity and Financial Resources

The Group generally finances its daily operations from internally generated cash flows (the "Internal Funds") and banking facilities. As at 31 December 2013, the Group had deposits placed with brokers, pledged bank deposits, and bank balances and cash of approximately HK$194.3 million (31 March 2013: approximately HK$163.1 million), approximately HK$65.3 million (31 March 2013: approximately HK$73.5 million) and approximately HK$345.3 million (31 March 2013: approximately HK$361.9 million) respectively. The total of deposits placed with brokers, pledged bank deposits, and bank balances and cash (collectively, the "Liquidity Resources") were approximately HK$604.9 million (31 March 2013: approximately HK$598.5 million). Most of the Liquidity Resources were denominated in United States Dollars ("US$").

The equity attributable to the owners of the Company increased by approximately HK$317.9 million to approximately HK$1,376.9 million as at 31 December 2013 (31 March 2013: approximately HK$1,059.0 million).

The Group had bank borrowings represented trust receipt, discounting, short-term loans and long-term loans repayable within 1 year of approximately HK$1,684.6 million (31 March 2013: approximately HK$536.8 million). As at 31 December 2013, the Group's gearing ratio was approximately 27% (31 March 2013: 26%). The gearing ratio was calculated as the Group's total borrowing divided by total assets.

The Group will mainly use the Internal Funds to repay the due debts and relevant interests, in case of any shortfall, the Group will consider to avail itself of new loans by unused banking facilities to finance the repayment of the principal and interest in a timely manner.

As at 31 December 2013, the Group has banking facilities of US$1,000.0 million (equivalent to approximately HK$7,800.0 million) from several banks. Save as disclosed in notes 25 and 35 to the consolidated financial statements, the Group did not have any other charges on assets as at 31 December 2013.

The majority of the Group's sales and purchases are denominated in US$. The Group considers its foreign currency exposure is mainly arising from the exposure of exchange between US$ and HK$ with limited exposure to Singapore Dollar, Euro and Renminbi. Since the exchange rate of US$ against HK$ is relatively stable during the nine-month period, the exposure on foreign exchange is insignificant.

Contingent Liabilities

As at 31 December 2013, the Group did not have any significant contingent liabilities.

Capital Commitments

Save as disclosed in note 30 to the consolidated financial statements, the Group did not have any other significant capital commitments as at 31 December 2013.

Material Acquisitions and Disposals, and Future Plans for Material Investments

The success of the Group will depend, inter alia, on the realisation of the expected synergies, costs control, and growth opportunities and potentials upon integration of the acquired businesses. The Group concentrates on its core business and cautiously expands the scale and geographical spread of its business through organic growth and investment in selective acquisitions with great potential. There can be no assurance that a failure to operate the acquired businesses successfully and thereby not achieve the expected financial benefits, may not adversely affect the Group's financial position and results.

Management Discussion and Analysis

In September 2013, the Group entered into a joint venture agreement with an independent Thailand company to acquire 49% equity interest of a joint venture company, Srithai Capital, in the consideration of Thailand Baht 49.0 million (equivalent to approximately HK$12.1 million). Pursuant to a vessel purchase agreement, Srithai Capital completed the acquisition of the Vessel from an independent third party in October 2013 for storage of oil products. The Vessel is a double hulled oil tanker built in 1998 with a gross tonnage of approximately 149,407 MT and deadweight of approximately 281,050 MT. Starting from January 2014, the Vessel has been rented by the Company's wholly owned subsidiary, Strong Petrochemical Limited (Macao Commercial Offshore) ("Strong Macao"), for storing oil products in Malaysia.

Announced on 27 March 2013, the Group entered into a sale and purchase agreement to dispose approximately 33.12% equity interest in the issued share capital of Asia Sixth and the shareholder's loan of US$24.1 million, at a total consideration of approximately US$24.1 million. Completion is conditional upon the parties having received a copy of the written confirmation from the Ministry of Oil and Gas of the Republic of Kazakhstan (the "MOG consent") that the MOG consent to the transactions contemplated under the sale and purchase agreement; and the government of Kazakhstan will not exercise the state's pre-emptive purchase right under the Law of the Republic of Kazakhstan on Subsoil and Subsoil Use dated 24 June 2010 by 27 December 2013. During the period ended 31 December 2013, the loan consideration of US$10.0 million was received. Pursuant to the supplemental agreements to amend the sale and purchase agreement dated 24 December 2013 and 19 February 2014 entered between the Group and The Sixth Energy Limited ("Sixth Energy") respectively, the parties agreed that Sixth Energy shall pay US$5.0 million of the outstanding loan consideration on or before 26 February 2014 and US$9.1 million of the outstanding loan consideration on or before 30 June 2014 while interests shall accrue at the rate of 30% per annum payable on US$9.1 million of the outstanding loan consideration commencing on the date of the supplemental agreement dated 19 February 2014 and ending on the date when Sixth Energy repays the whole amount to the Group. Upon completion, the Group will remain a shareholder holding of 7% equity interest in the issued share capital of Asia Sixth.

Save as disclosed in notes 18 and 29 to the consolidated financial statements, there were no other significant investments during the nine-month period, or plans for material investments as at the date of this report, nor were there other material acquisitions and disposals of subsidiaries during the period.

Employees

The number of employees of the Group was increased to 150 as at 31 December 2013 (31 March 2013: 131) to cope with our expansion, especially in the PRC. The Group's remuneration packages are maintained at competitive level and are determined on the basis of performance, qualification and experience of individual employee.

We recognise the importance of a good relationship with our employees by providing competitive remuneration package commensurate with prevailing market practice to our employees, including provident fund, life and medical insurances, discretionary bonus, share options, and training for human resources upskilling.

EXECUTIVE DIRECTORS

Mr. WANG Jian Sheng ("Mr. Wang"), aged 60, is an executive Director and the chairman of the Company (the "Chairman") since February 2008. He has been a member of the Remuneration Committee and the Nomination Committee of the Company since November 2008 and March 2012 respectively. In October 2000, Mr. Wang invested in our Group and acted as a substantial shareholder. At the same time, he joined our Group as the supervisor. He graduated from Henan University of Science and Technology, formerly known as Luoyang Industrial College with a bachelor degree in metallic materials and heat process. He is responsible for overseeing the function of the Board, formulating major corporate and business strategies, and identifying business goals and the related business plan at the high level. He is an independent non-executive director of China Financial Services Holding Limited (stock code: 605) whose shares are listed on the main board of the Stock Exchange of Hong Kong Limited (the "HKEx"). Mr. Wang owns the entire issued share capital of Sino Century Holdings Limited ("Sino Century") which in turn holds 50% shareholding in Forever Winner International Ltd. ("Forever Winner"), a shareholder of the Company holding 1,041,446,000 shares of the Company.

Mr. YAO Guoliang ("Mr. Yao"), aged 48, is an executive Director and the chief executive officer of the Company (the "CEO") since February 2008. In November 1999, Mr. Yao founded our Group, and has been a director of our Group since then. He graduated from University of International Business and Economics with a bachelor degree in economics. He has more than 20 years of experience in handling crude oil trading and associated hedging activities. Leveraging on his extensive experience in the oil industry, Mr. Yao is responsible for formulating our corporate and business strategies, business development and management, trade solicitation as well as hedging implementation. Mr. Yao owns the entire issued share capital of Jin Yao Holdings Ltd. ("Jin Yao") which in turn holds 50% shareholding in Forever Winner, a shareholder of the Company holding 1,041,446,000 shares of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. LIN Yan ("Ms. Lin"), aged 50, has been an independent non-executive Director of the Company (an "INED") since 28 November 2008. She has been the Chairman of the Remuneration Committee and a member of the Audit Committee since 28 November 2008. She is a member of Certified General Accountant Association of Ontario in Canada. She is currently executive vice president of Tebon Securities Co., Ltd. in Shanghai, the PRC. Ms. Lin has over 20 years of experience in the finance industry. She held the position as a senior compliance manager in Rabobank International, Hong Kong Branch from 1997 to 1999. From 2000 to 2001, she was the corporate controller of Assante Advisory Services in Toronto, Canada. She later joined China Eagle Securities Co., Ltd. in the PRC as the assistant chief finance officer until mid-2002. She obtained her bachelor of science degree majoring in chemistry from Huaqiao University, the PRC, in 1985. In 1993, she obtained a master degree in business administration from Queen´s University, Kingston, Canada. She has been a member of the Self-regulation Oversight Committee of the Securities Association of China since February 2008. Since May 2013, Ms. Lin is the independent director of Shanghai Xinmei Real Estate Company Ltd. (上海新梅置業股份有限公司) (stock code: 600372) whose shares are listed on the Shanghai Stock Exchange and Anhui Huaxing Chemical Industry Company Ltd. (安徽華星化工股份有限公司) (stock code: 002018) whose shares are listed on the Shenzhen Stock Exchange. Ms. Lin holds 840,000 shares of the Company and 360,000 share options of the Company pursuant to the share option scheme adopted by the Company on 28 November 2008.

Ms. CHEUNG Siu Wan ("Ms. Cheung"), aged 47, is an INED since 1 January 2012. Ms. Cheung has been the chairman of the Audit Committee and a member of the Nomination Committee of the Company since 1 January 2012 and 16 March 2012 respectively. Ms. Cheung graduated from both Hong Kong University of Science and Technology with a master of science degree majoring in accounting in 1995 and City University of Hong Kong with a bachelor of arts degree majoring in business in 1988 respectively. Ms. Cheung has extensive experience in China tax services. Ms. Cheung joined KPMG Hong Kong in 1996, and from 2004 to 2011, she was a partner of KPMG China. Ms. Cheung serves as the member of Steering Team of the Association of Chartered Certified Accountants ("ACCA") Southern China from May 2008, of which from May 2009 to April 2011, as chairman of Steering Team of ACCA Southern China. Ms. Cheung has also been the member of Steering Team of ACCA Shanghai since March 2010. From April 2009 to March 2013, Ms. Cheung acted as a member of the Accountancy Training Board of Vocational Training Council and became the member of the Working Group of Seminars of the Accountancy Training Board from April 2013 onwards. Ms. Cheung is a part-time teacher of University of Macau and also HKU School of Professional and Continuing Education. Ms. Cheung is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the ACCA.

Mr. GUO Yan Jun ("Mr. Guo"), aged 60, is an INED since 9 September 2011. Mr. Guo has been a member of the Audit Committee and the Remuneration Committee since 9 September 2011, and the Nomination Committee since 16 March 2012. Mr. Guo graduated from China People's University with a diploma in law in 1984 and has extensive entrepreneurship experiences and experience of corporate operation and management. Mr. Guo is the chairman of Beijing Junxinda Economic Development Co., Ltd. and CNHK Media Limited. He is currently an independent non-executive director of Honghua Group Limited (stock code: 196) and Mei Ah Entertainment Group Limited (stock code: 391) whose shares are listed on the main board of the HKEx.

SENIOR MANAGEMENT

Mr. ZHUANG Jia, aged 48, is the deputy general manager of our Group. He is responsible for the trading, shipping and business development of our Group and overseeing our petrochemicals trading business. He is also a trader of our Group. His duties include negotiating with suppliers and customers on terms and pricing of trades, considering and executing hedging strategies, and monitoring open positions of derivative financial instruments of our Group. He obtained his bachelor of engineering degree from East China University of Science and Technology, previously known as East China Institute of Chemical Technology in the PRC, majoring in petroleum processing in 1988. He has more than 20 years of experience in the oil industry. After university graduation, he joined Sinochem Shanghai as a salesman in the petroleum department and was involved in the hedging activities from April 1993 to February 1994. During the period from March 1994 to January 1997, he was seconded to SCHECO (Hong Kong) Co., Limited, an overseas branch of Sinochem Shanghai, as a trading manager and later promoted to deputy general manager. After the secondment, he returned to Sinochem Shanghai and accepted the position as a manager in the import department until March 1998. Prior to joining our Group in March 2007, he was the trading manager for ICC Chemical Corporation (Shanghai Office) for more than 8 years and was responsible for trading petrochemicals.

Mr. HO Yuan ("Mr. Ho"), aged 52, is the vice president of Strong Macao. Mr. Ho obtained his bachelor of chemical engineering degree from South China University of technology in 1984. He joined China Petrochemical Corporation after university graduation and worked on petroleum refining. During the period from 1994 to 2011, he was responsible for trading crude oil and related products, derivatives trading, processing business and logistics. Mr. Ho joined the Group in 2011 and he is currently responsible for the daily operations of crude oil team of Strong Macao.

Mr. Francis TAN Boon Chye ("Mr. Tan"), aged 60, is the general manager and a director of Strong Petroleum Singapore Private Ltd. ("Strong Singapore"). Mr. Tan is a member of the Institute of Petroleum (London) since 1984. Mr. Tan has over 30 years of experience in the oil industry from cargo and blending operations, shipping and chartering, oil broking (middle distillates) as well as oil trading. Mr. Tan is responsible for the overall oil operations of Strong Singapore since he joined the Group in 2009.

Mr. WANG Si Jue, aged 52, is the general manager of Nantong Strong International Trading Company Limited and the chairman of Huizhi. He holds an executive master of business administration degree from University of Houston in 2007, a master degree in chemical engineering in 2001 and a bachelor of science degree majoring in petroleum refining in 1984 both from East China Institute of Chemical Technology (now known as East China University of Science and Technology). He joined the Group in 2011 and has over 30 years' experience in oil refinery and extensive operations and management in large enterprises.

Mr. Oystein BERENTSEN ("Mr. Berentsen"), aged 62, is the managing director of Strong Singapore. Mr. Berentsen holds a bachelor degree in management sciences from University of Manchester Institute of Science and Technology in 1975. He has more than 30 years of experience in the oil industry. He joined Statoil ASA ("Statoil") crude oil trading department in 1981 and was responsible for crude oil price analysis, marketing and trading physical and derivatives. In 1985, he opened Statoil's crude oil trading office in London and worked as Head of Global spot crude oil trading and marketing. During the period from 1993 to 2004, Mr. Berensten was working as manager of crude oil trading in Statoil head office which is located at Stavanger and later worked as manager of Far East crude oil business development of Statoil in London. Starting from 2005, Mr. Berentsen was the vice president of crude oil trading in Statoil Singapore and was responsible for Middle East and Asia crude oil trading until he joined the Group in May 2013. He is currently responsible for negotiating terms and pricing of crude oil trades with suppliers and customers, and considering and executing hedging strategies.

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report of the Company for the nine-month period. The Company is committed to strict adherence to the high corporate governance standards. The Board believes it is fundamental and essential to fulfill public and corporate responsibilities, sustainable development of the Group, enhancing shareholders' value and safeguarding interests of stakeholders.

The Company has adopted and is fully compliant with all the provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period ended 31 December 2013, except for the deviation from Code provision A.6.7 of the CG Code.

Pursuant to Code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Lin Yan, being INED, was unable to attend the annual general meeting ("AGM") held on 7 August 2013 due to other prior business engagements.

THE BOARD

Responsibilities

The Board is responsible for the overall management, which assumes the responsibility for leadership and control of the Company, and the Directors are collectively responsible for promoting the success of the Company by directing and supervising its affairs, overseeing the achievement of strategic plans, and monitoring its long term performance to enhance shareholders' value. Management of the Company (the "Management") was delegated with authority and responsibility for the day-to-day operations of the Group under the leadership of the Board.

The role of Chairman, Mr. Wang Jian Sheng is separate from that of CEO, Mr. Yao Guoliang. Their respective responsibilities are clearly defined and segregated to reinforce their independence and accountability.

The Chairman is responsible for providing leadership and governance to the Board and ensuring that the Board and its committees function effectively. By approving strategies and policies of the Group and supervising the Management on their implementation, he monitors their implementation to ensure value creation and maximisation for shareholders. He takes part in cultivating and maintaining good relationships with strategic associates and creating a favourable environment for the development of the Group's businesses.

The CEO is responsible for leading the day-to-day operations of the Group's businesses to achieve their business and financial targets. Acting as the principal manager, he develops operating plans and strategies to the Board and ensures the effective implementation of the strategies and policies adopted and prioritised by the Board supported with effective and competence Management built and maintained by him. He maintains ongoing dialogue with the Chairman and all Directors to keep them timely and appropriately informed of all major changes and business development.

Directors have full and timely access to information of the Group as the Chairman ensures that the Management will supply the Board and its committees with all relevant information in a timely manner, as well as the advices and services of the company secretary of the Company (the "Company Secretary"), with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Directors may make further enquiries if in their opinion it is necessary or appropriate to request for further information. They also have unrestricted access to the advices and services of the Company Secretary, who is held responsible for providing Directors with Board papers and related materials and ensuring that all proper Board procedures are followed and that all applicable laws and regulations are complied with. When needed and upon making reasonable request to the Board, the INEDs may seek independent professional advice at the Company's expense in assisting them to carry out their duties. Insurance cover has been appropriately arranged to the Directors in connection with the performance of their responsibilities.

The presence of three INEDs is considered by the Board to be a reasonable balance between executive and non-executive Directors. The Board is of the opinion that such balance can provide adequate checks and balances for safeguarding the interests of shareholders and of the Group.

All INEDs are engaged with a fixed term of one year service with the Company and may be terminated by either party giving not less than one month's prior written notice. Shareholders may propose a candidate for election as Director in accordance with the articles of association of the Company. All Directors appointed to fill a vacancy are subject to re-election at the first general meeting of shareholders after appointment in accordance with the Article 86(3) of the articles of association. In accordance with the Article 87 of the articles of association, every Director shall be subject to retirement by rotation at least once every three years.

The Company has received written annual confirmations from all INEDs as to their independence as required under the Listing Rules. All INEDs are absence from involvement in daily management of the Company or any relationships or circumstances which would interfere their independence.

The INEDs bring a wide range of business and financial expertise, experiences and independent judgment to the Board. Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all INEDs make various contributions to the effective direction of the Company.

Board Diversity Policy

In order to achieve a diversity of perspectives among members of the Board, the Company has adopted the board diversity policy (the "Board Diversity Policy") during the nine-month period and has been made available on the website of the Company for better transparency and governance. It is the policy of the Company to consider a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, when determining the composition of the Board.

The Company will also take into account factors based on its own business model and specific needs from time to time. The appointments of all members of the Board will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness.

Delegation by the Board

The day-to-day management, administration and operation of the Company are delegated to the CEO and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers. The Board has the full support of the CEO and the senior management to discharge its responsibilities.

All committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, have specific terms of reference clearly defining the authorities and responsibilities of the respective committees. All committees are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any action.

The Board reviews, on annual basis, all delegations by the Board to different committees to ensure that such delegations are appropriate and continue to be beneficial to the Company as a whole.

BOARD COMPOSITION, BOARD AND COMMITTEES MEETINGS

As at 31 December 2013, the Board comprises of two executive Directors and three INEDs. The Company has met the requirements of the Listing Rules relating to the appointment of at least three INEDs with at least one of whom is with appropriate professional qualifications or accounting or related financial management expertise throughout the nine-month period. All Directors give sufficient time and attention to the affairs of the Group.

The Board meets at least four times each year and more frequently as the needs of the business demand. The Company's memorandum of association and articles of association (the "M&A") provide for participation at meetings via telephone and other electronic means. Apart from the Board meetings, the Board would from time to time devote separate sessions to consider and review the Group's strategy and business activities. The attendance of the Directors at the Board meetings during the nine-month period is set out in the table under section "Meetings Held and Attendance" below.

Practices and Conduct of Meetings

The annual meeting schedule and the agenda of each meeting are made available to Directors in advance.

Notice of regular Board meetings is served to all Directors at least 14 days before the meetings, who were all given an opportunity to include matters in the agenda for discussion. For other Board and committees meetings, reasonable notice is given.

The Company Secretary assists the Chairman in preparing the agenda for the meeting and ensures that all applicable rules and regulations in connection with the meetings are observed and complied with. Papers for Board meetings or committees meetings together with all relevant information are sent to all Directors or committee members at least 3 days before each meeting to enable them to make informed decisions with adequate data. The Board and each Director also have direct and independent access to the Management whenever necessary.

According to the current Board practice, any material transaction involving a conflict of interest with a substantial shareholder or a Director will be considered and dealt with by the Board at a duly convened Board meeting. The Company's articles of association also contains provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

BOARD COMMITTEE

The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee to oversee particular aspects of the Company's affairs. Specific responsibilities of each committee are described below. All committees have defined terms of reference which are of no less exacting terms than those set out in the CG Code.

Audit Committee

The Audit Committee comprises of three INEDs who possess relevant business and financial management experience. The Company Secretary acts as the secretary to the Audit Committee. None of the members is employed by or otherwise affiliated with the former or existing auditor of the Company. The Audit Committee is chaired by Ms. Cheung Siu Wan, one of the INEDs having professional qualifications, and accounting and financial management skills to understand financial statements and contribute to the corporate governance of the Company under the Listing Rules.

The Audit Committee has undertaken a review of all the non-audit services provided by Deloitte Touche Tohmatsu during the financial period ended 31 December 2013, and is satisfied that such services would not affect the independence of Deloitte Touche Tohmatsu as the Company's external auditor. The Audit Committee has recommended to the Board that Deloitte Touche Tohmatsu be nominated for reappointment as external auditor of the Company at the forthcoming AGM.

The terms of reference of the Audit Committee are posted on the Company's website and include the following:

Relationships with the Company's auditor

(i) To act as the key representative body for overseeing the Company's relation with the external auditor, and to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to consider any questions of their resignation or dismissal.

(ii) To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable accounting standard, and to discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences.

(iii) To develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed.

Review of the Company's financial information

(iv) To monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:

(a) any changes in accounting policies and practices;

(b) major judgmental areas;

(c) significant adjustments resulting from audit;

(d) the going concern assumptions and any qualifications;

(e) compliance with accounting standards; and

(f) compliance with the Main Board Listing Rules and legal requirements in relation to financial reporting.

(v) Regarding to (iv) above:

(a) members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Company's auditor; and

(b) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditor.

Oversight of the Company's financial reporting system and internal control procedures

(vi) To review the Company's financial controls, internal control and risk management systems.

(vii) To discuss the internal control system with the Management to ensure that the Management has performed its duty to have an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

(viii) To consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and the Management's response to these findings.

(ix) Where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness.

(x) To review the Group's financial and accounting policies and practices.

(xi) To review the external auditor's management letter, any material queries raised by the auditor to the Management about accounting records, financial accounts or systems of control and the Management's response.

(xii) To ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter.

(xiii) To report to the Board on the matters set out herein.

(xiv) To consider other topics, as defined by the Board.

(xv) To review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

During the nine-month period, the Audit Committee held two meetings and reviewed the preliminary, interim and annual results, and internal controls of the Group, and performed the duties and responsibilities under the terms of reference and as set out in the CG Code.

The Audit Committee reviews the Group's risk management policy annually. A high level review of internal controls of the Group was performed at the end of the period. The Audit Committee will continue to examine the Group's systems and policies for assessing and taking action to contain the different types of risk in its various operations as part of the Audit Committee's ongoing review of the adequacy of the Group's internal controls.

The Audit Committee has full access to and co-operation of the Management and has been given the resources required for it to discharge its functions properly. It has full discretion to invite any Director and executive officer to attend its meetings. The Audit Committee has also met with the external auditor, without the presence of the Management of the Company during the nine-month period.

In addition, the Audit Committee keeps under constant review changes to the Hong Kong Financial Reporting Standards with the assistance of the external auditor to assess their application to the accounting policies adopted by the Group and, where applicable, their effective adoption by the Group.

All the recommendations of the Audit Committee to the Management and the Board were accepted and implemented.

Subsequent to the financial year end, the Audit Committee has reviewed the Group's audited consolidated financial statements for the period ended 31 December 2013, including the accounting principles and practices adopted by the Group, and recommended them to the Board for approval.

Remuneration Committee

The Remuneration Committee comprises of three members whereas the majority of the members must be INEDs. Currently, the Remuneration Committee is chaired by Ms. Lin Yan, an INED. The Company Secretary acts as the secretary to the Remuneration Committee.

The Remuneration Committee is responsible for recommending to the Board a framework for the remuneration of Directors and key executives. The review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and other benefits. The Remuneration Committee also oversees the administration of the Company's share option scheme. The Remuneration Committee's recommendations are made in consultation with the CEO and submitted for endorsement by the Board. No Director is involved in any decision making, in respect of any remuneration or compensation to be offered or granted to him/her.

The terms of reference of the Remuneration Committee are posted on the Company's website and include the following:

(i) To make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

(ii) To review and approve the Management's remuneration proposals with reference to the Board's corporate goals and objectives.

(iii) Either:

(a) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management; or

(b) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

(iv) To make recommendations to the Board on the remuneration of non-executive Directors.

(v) To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.

(vi) To review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive.

(vii) To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and that are otherwise reasonable and appropriate.

(viii) To ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

During the nine-month period, the Remuneration Committee held one meeting to review the remuneration package, including the treatment and the vesting recommendations for the share options granted, of the Directors and senior management.

No individual Director is involved in deciding his or her own remuneration.

The remuneration of senior management was within the following bands:

	Number of individuals	
The emolument bands (in HK$)	**Nine-month ended 31 December 2013**	Year ended 31 March 2013
Nil to HK$1,000,000	**2**	3
HK$1,000,001 — HK$2,000,000	**2**	1
HK$2,000,001 — HK$3,000,000	**–**	–
HK$3,000,001 — HK$4,000,000	**1**	–

Nomination Committee

The Nomination Committee comprises of the Chairman and two INEDs, and is chaired by the Chairman. The Company Secretary acts as the secretary to the Nomination Committee.

The Nomination Committee is guided by its terms of reference, which sets out its responsibilities. It is responsible for the review of candidates for nomination or re-nomination as Director, taking into consideration each candidate's qualifications and experience and how he/she can contribute to the effectiveness of the Board. The Nomination Committee is also responsible for recommending a framework for evaluation of the Board effectiveness, as well as evaluation of Board effectiveness and the contribution of each individual Director to the effectiveness of the Board.

The terms of reference of the Nomination Committee are posted on the Company's website and include the following:

(i) review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(ii) be responsible for nominating for the approval of the Board, candidates to fill Board vacancies as and where they arise;

(iii) before appointment is made by the Board, evaluate the balance of skill, knowledge and experience on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment;

(iv) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(v) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the CEO;

(vi) assess the independence of INEDs;

(vii) review the Board Diversity Policy and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and make disclosure of its review results in the corporate governance report of the Company; and

(viii) do any such things to enable the Nomination Committee to discharge its duties conferred on it on by the Board.

During the nine-month period, one meeting was held to review the composition of the Board and the suitability of Directors proposed for re-appointment at the Company's AGM.

The Nomination Committee is also charged with the responsibility of determining annually whether a Director is independent. Each member of Nomination Committee will not take part in determining his/her own re-nomination or independence.

Under the articles of association, at least one-third of the Directors are required to retire from office by rotation and they are eligible for re-election at the Company's AGM. Thus, each Director must retire from office at least once every three years. In addition, all Directors appointed to fill a vacancy are subject to re-election at the first general meeting of shareholders after appointment in accordance with the Article 86(3) of the articles of association.

The Nomination Committee had recommended the re-nomination of Mr. Yao Guoliang and Mr. Guo Yan Jun for re-election at the forthcoming AGM. The Board had accepted the Nomination Committee's recommendation.

Meetings Held and Attendance

Details of Directors' attendance of the Board meetings, three committees meetings and the AGM held during the nine-month period are set out as follows:

	Meetings attended/Meetings held				
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**AGM held on 7 August 2013**
Executive Directors					
Mr. Wang Jian Sheng *(Chairman)*	8/8	N/A	1/1	1/1	1/1
Mr. Yao Guoliang *(CEO)*	8/8	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Ms. Cheung Siu Wan	5/8	2/2	N/A	1/1	1/1
Mr. Guo Yan Jun	5/8	2/2	1/1	1/1	1/1
Ms. Lin Yan	4/8	1/2	1/1	N/A	0/1

Apart from regular Board meetings, the Chairman also held meeting with INEDs without presence of executive Directors during the nine-month period.

Apart from the AGM held on 7 August 2013, the Company has not held any other general meetings.

CORPORATE GOVERNANCE FUNCTIONS

The Board did not establish a corporate governance committee but has delegated its responsibility for performing corporate governance duties to the respective Board Committees. During the nine-month period, the Board and Board Committees have reviewed the Group's policies and practices on corporate governance and made recommendations to the Board; reviewed and monitored the training and continuous professional development of Directors and senior management; reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; reviewed and monitored the CG Code of conduct applicable to employees and Directors; and reviewed the Group's compliance with the CG Code and disclosure in the Corporate Governance Report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding director's securities transactions. Having made specific enquiries by the Company, all Directors have confirmed that they had complied with the required standards set out in the Model Code during the period ended 31 December 2013.

The Company has established written guidelines on no less exacting terms than the Model Code for dealings in the Company's securities by relevant employees who are likely to be in possession of unpublished price-sensitive information in relation to the Company or its securities. The Company has received written annual compliance declaration from employees to confirm their compliance.

INDUCTION AND CONTINUOUS DEVELOPMENT OF DIRECTORS

All Directors, upon appointment to the Board, shall receive an induction package (the "Package") designed to enhance their knowledge and understanding of the Group's culture and operations by senior management. The Package usually includes a briefing on the Group's structure, businesses and governance practices. Every Board member receives a memorandum on director's responsibilities upon joining the Board, which lays down the guidelines on conduct, Directors' duties, and other key governance issues.

The Company provided continuous professional training and all Directors (namely, Mr. Wang Jian Sheng, Mr. Yao Guoliang, Ms. Cheung Siu Wan, Mr. Guo Yan Jun and Ms. Lin Yan) received regular updates and presentations on changes and developments to the Group's business and to the legislative and regulatory environments in which the Group operates to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are also encouraged to attend relevant training courses at the Company's expense.

COMPANY SECRETARY

The appointment and removal of the Company Secretary is subject to Board approval in accordance with the articles of association of the Company. Ms. Wong Wai Han ("Ms. Wong") has been appointed as Company Secretary with effect from 31 July 2012.

Ms. Wong is currently a practicing solicitor in Hong Kong. She has experience in corporate finance and compliances matters for the listed companies in Hong Kong. Ms. Wong obtained a bachelor of laws from City University of Hong Kong in 1998 and obtained the second degree in Chinese laws from Tsinghua University in 2004. Ms. Wong is also one of the joint company secretaries of each of Hengxin Technology Ltd. (stock code: 1085) and Techcomp (Holdings) Limited (stock code: 1298), both companies' shares are listed on the main board of the HKEx and the Singapore Exchange Securities Trading Limited. Ms. Wong is a senior associate solicitor of Edwards Wildman Palmer, a practising law firm in Hong Kong. She is not an employee of the Company and she provides services to the Company as an external service provider. Ms. Wong has complied with the requirement under Rule 3.29 of the Listing Rules during the nine-month period.

The external service provider's primary contact person in the Company is Mr. Li Chik Ming, the chief financial officer of the Company, in relation to any corporate secretarial matters.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for the preparation of consolidated financial statements which give a true and fair view of the state of affairs of the Group. In preparing the consolidated financial statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

In preparing the consolidated financial statements, the Directors consider that the consolidated financial statements of the Group are prepared on a going concern basis and appropriate accounting policies have been consistently applied. The Directors have also made judgments and estimates that are prudent and reasonable in the preparation of the consolidated financial statements.

The statement of the external auditor about the reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 33 and 34 of the annual report.

AUDITOR'S REMUNERATION

Auditor's remuneration in relation to audit amounted to HK$1,653,000 (year ended 31 March 2013: HK$1,619,000). The external auditor is refrained from engaging in non-assurance services except for limited tax related services or specifically approved items. The Audit Committee reviews and approves the external auditor's statutory audit scope and non-audit services. The following remuneration was paid by the Group to its auditor, Deloitte Touche Tohmatsu:

	Nine-month ended 31 December 2013 HK$'000	Year ended 31 March 2013 HK$'000
Audit service	**1,653**	1,619
Non-audit services	**863**	100
	2,516	1,719

INTERNAL CONTROL

The Board has overall responsibility for the maintenance of sound and effective internal controls to safeguard shareholders' investment and the assets of the Group. The Board has entrusted the Audit Committee with the responsibility to review, and 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 systems.

A risk management system is in place to ensure the regular identification, evaluation and management of risks faced by the Group. Procedures have been set up for, inter alia, safeguarding assets against unauthorised use or disposition, controlling capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publications. The systems are regularly reviewed by the Board and to amend from time to time.

A formal risk management policy has been put in place to ensure the regular identification, evaluation and management of risks faced by the Group. The systems and policies of the Group are designed to help minimise and manage business risks, protect the assets of the Group from misappropriation or impairment, accurately report the results and financial position of the Group, to ensure compliance with relevant legal and regulatory requirement, and to adopt appropriate recommended best practices. This includes taking into consideration environmental, social, and corporate governance matters.

Management throughout the Group maintains and monitors the internal control systems on an ongoing basis. Risk assessment and evaluation are an integral part of the annual planning process. The Group's external auditor, Deloitte Touche Tohmatsu, reports findings to the Audit Committee and contributes an independent perspective on relevant internal controls arising from the audit. The Audit Committee reports to the Board on matters in relation to the oversight of the financial reporting system, internal control procedures and risk management systems. The Board has conducted a review of the Group's internal control systems for the nine-month period by considering the work performed by the Audit Committee.

In addition to the internal control review conducted by the Board, the Group had engaged an independent risk advisory consultant from one of reputable accountancy and professional services firms to perform risk assessment procedures in respect of our risk management functions in relating to the policies and procedures of the hedging activities for the nine-month period. Report on the results of assessment and recommendations was provided to the Management and the Audit Committee.

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

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

The Board recognises the importance of maintaining on-going communication with shareholders. The Company promotes communications with shareholders through several communication channels including publication of notices, circulars, announcement of key developments, interim and annual reports as prescribed under the Listing Rules which can also be accessed via the "Investor Relations" section of the Company's website.

The aims of the Company are to improve its transparency, gain more understanding and confidence in relation to the Group's business developments and acquire more market recognition and support from the shareholders.

Shareholders are encouraged to attend all general meetings of the Company. The notice of the AGM was circulated to all shareholders in accordance with the requirements of the Listing Rules and the articles of association of the Company. It is a standard practice to have the non-executive Directors available to answer questions relating to their roles, tenure, and the Board Committees. The results of voting by poll are published on the websites of the HKEx and the Company after the meetings.

Pursuant to the Company's articles of association, shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene an extraordinary general meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There are no provisions under the Company's articles of association or the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for shareholders to put forward proposals at general meetings other than a proposal of a person for election as director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Shareholder(s) may at any time send their enquiries to the Board in writing through Mr. Li Chik Ming, the chief financial officer of the Company whose contact details are as follows:

Mr. Li Chik Ming
Chief Financial Officer
Strong Petrochemical Holdings Limited
Room 1604, 16th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong
Tel: (852) 2834 3393
Email: info@strongpetrochem.com

The Company adheres the importance of the shareholders' privacy and will not disclose such information without their consent, unless required by law, the HKEx, order or requirement of any court or other competent authority.

Directors' Report

The Directors present their annual report and the audited consolidated financial statements for the nine-month period.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal associated and subsidiary companies are set out in notes 18 and 36 to the consolidated financial statements respectively.

RESULTS AND APPROPRIATIONS

The results of the Group for the nine-month period are set out in the consolidated statement of profit or loss and other comprehensive income on page 35.

The Board has recommended the payment of a final dividend of HK5 cents per ordinary share of the Company in respect of the period ended 31 December 2013 (year ended 31 March 2013: HK4 cents), payable on 6 June 2014 to shareholders whose names appear on the register of members of the Company as at the close of business on 22 May 2014 subject to the approval of the shareholders of the Company at the forthcoming AGM of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from, Tuesday, 13 May 2014 to Thursday, 15 May 2014 both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM of the Company to be held on 15 May 2014, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 12 May 2014.

The register of members of the Company will be closed from, Wednesday, 21 May 2014 to Thursday, 22 May 2014 both days inclusive, during which period no transfer of shares will be effected. In order to be eligible for the proposed final dividend, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 20 May 2014.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the nine-month period are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the nine-month period are set out in note 28 to the consolidated financial statements.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results, net assets and total equity of the Group for the last five financial periods/years is set out on page 3.

DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at 31 December 2013, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$723.5 million.

DIRECTORS

The Directors of the Company during the nine-month period and up to the date of this report were:

Executive Directors	Independent Non-executive Directors
Mr. Wang Jian Sheng	Ms. Cheung Siu Wan
Mr. Yao Guoliang	Mr. Guo Yan Jun
	Ms. Lin Yan

In accordance with the Article 87 of the articles of association, Mr. Yao Guoliang and Mr. Guo Yan Jun should retire at the forthcoming AGM and, being eligible, offer themselves for re-election at the forthcoming AGM.

The Directors' biographical details are set out on pages 11 to 12.

The Company received confirmation from each of the INEDs of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considered all the INEDs as independent from the date of their appointment to 31 December 2013.

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the nine-month period.

DIRECTORS' INTERESTS IN CONTRACTS

Saved as disclosed in the section of "Continuing Connected Transactions" and note 33 to the consolidated financial statements of this annual report, no contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during the nine-month period or at the end of the nine-month period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the date of this report, none of the Directors, the management shareholders of the Company and their respective associates (as defined in the Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 31 December 2013, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of Company's associated corporations (within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), as recorded in the register required to be kept under Section 352 of Part XV of the SFO, or as otherwise notified to the Company and the HKEx pursuant to the Model Code are set out below:

Long position in ordinary shares of HK$0.025 each of the Company

Name of Director	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Percentage of the issued share capital of the Company (%)
Mr. Wang Jian Sheng	Interest of a controlled corporation (note 1)	1,041,446,000	–	1,041,446,000	64.41
Mr. Yao Guoliang	Interest of a controlled corporation (note 1)	1,041,446,000	–	1,041,446,000	64.41
Ms. Lin Yan	Beneficial owner (note 2)	840,000	360,000	1,200,000	0.07

Note 1: Each of Sino Century and Jin Yao holds 50% of the entire issued share capital of Forever Winner. Mr. Wang holds the entire issued share capital of Sino Century. Mr. Yao holds the entire issued share capital of Jin Yao.

Note 2: The number of underlying shares held are the share options granted by the Company, details of which are set out in the section headed "Share Options" below.

Save for those disclosed above, as at 31 December 2013, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to Company and the HKEx pursuant to the Model Code.

Apart from the section headed "Share Options" as disclosed later in this report, none of the Directors or chief executive (including their spouses and children under the age of 18), during the nine-month period, held any interests in or was granted any right to subscribe for the securities of Company and its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

SHARE OPTIONS

Particulars of the share option scheme adopted by the Company on 28 November 2008 (the "Scheme") and the fair values of the share options granted during the nine-month period are set out in note 34 to the consolidated financial statements.

The movements in the share options of the Company during the nine-month period are set out as follows:

		Price of share of the Company			Number of share options[2]			
Nature or category of participant	Date of grant[1] (dd/mm/yy)	Exercise price HK$	At the grant date of share options[3] HK$	At the exercise date of share options[4] HK$	Outstanding at 1/4/2013	Exercised during the nine-month period	Lapsed during the nine-month period	Outstanding at 31/12/2013
Independent non-executive Director								
Ms. Lin Yan	07/05/09	0.645	0.655	N/A	360,000	–	–	360,000
Subtotal of Director					360,000	–	–	360,000
Employees	07/05/09	0.645	0.655	0.98	12,400,000	(5,400,000)	–	7,000,000
Other participants in aggregate	07/05/09	0.645	0.655	0.78	130,550,000	(400,000)	(4,020,000)	126,130,000
Total					143,310,000	(5,800,000)	(4,020,000)	133,490,000

Notes:

1. Options granted are exercisable during the period starting from 8 May 2009 to 28 November 2018. The options granted under the Scheme has vesting period in three tranches of 40%, 30% and 30% of its options granted from the grant date to 8 May 2009, 8 May 2010 and 8 May 2011 respectively.

2. During the nine-month period, 4,020,000 share options of the Company were lapsed.

3. The stated price was the closing price of the shares of the Company on the HKEx on the trading day immediately prior to the date of the grant of the share options.

4. The stated price was the weighted average closing price of the shares of the Company on the HKEx on the trading day immediately before the date(s) on which the share options were exercised.

Save as disclosed above, at no time during the nine-month period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, the Directors are not aware of any other person, (other than the interests of the Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO:

Long position in shares of the Company

Name of shareholder	Nature of interest	Number of ordinary shares	Approximate percentage of shareholding %
Forever Winner	Beneficial Owner (note)	1,041,446,000	64.41

Note: Each of Sino Century and Jin Yao holds 50% of the entire issued share capital of Forever Winner. Mr. Wang holds the entire issued share capital of Sino Century. Mr. Yao holds the entire issued share capital of Jin Yao.

CONTINUING CONNECTED TRANSACTIONS

During the nine-month period, the Group entered into a tenancy agreement with Strong Property Limited, which constituted continuing connected transactions and related party transactions and are set out in note 33 to the consolidated financial statements.

The continuing connected transaction under the above tenancy agreement falls within the de minimis threshold under Rule 14A.33(3) of the Listing Rules and therefore is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements contemplated under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

In the nine-month period under review, sales to the Group's five largest customers and purchases from the five largest suppliers accounted for approximately 78% and 70% of the total sales and purchases for the nine-month period, respectively. The Group's largest customer and supplier accounted for approximately 27% and 49% of the total sales and purchases for the nine-month period, respectively.

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) has a beneficial interest in these major customers or suppliers.

EMOLUMENT POLICY

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

The Group implemented its remuneration policy, bonus and share option schemes based on the achievements and performance of employees.

The emoluments of the Directors will be decided by the Remuneration Committee having regard to the Group's operating results, individual performance and comparable market statistics. Details of Directors' emolument and other staff costs are set out in notes 11 and 10 to the consolidated financial statements, respectively.

RETIREMENT BENEFIT PLANS

Other than operating a Hong Kong Mandatory Provident Fund Scheme, participating in the defined contribution pension scheme operated by the Macao government authority, the Central Provident Fund operated by Singapore government and the PRC state-managed retirement benefit scheme, the Group has not operated any other retirement benefit schemes for the Group's employees. Particulars of the retirement benefit plans are set out in note 32 to the consolidated financial statements.

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

During the nine-month period, the Company repurchased a total of 870,000 ordinary shares of the Company at an aggregate purchase price of HK$773,000 on the HKEx, representing approximately 0.05% of the issued share capital of the Company as at the date of the passing of the ordinary resolution under which the general mandate to repurchase shares was granted. Particulars of the shares repurchased are as follow:

Month of repurchase	No. of ordinary shares of HK$0.025 each	Purchase price paid per share		Aggregate consideration paid
		Highest	Lowest	
		HK$	HK$	HK$
August 2013	196,000	0.90	0.86	174,000
September 2013	674,000	0.93	0.87	599,000
Total	870,000			773,000

The repurchased shares were cancelled during the nine-month period and the issued share capital of the Company was reduced by the nominal value thereof.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the nine-month period.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a sufficient public float.

AUDITOR

A resolution will be proposed at the forthcoming AGM to re-appoint Messrs Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Wang Jian Sheng
Chairman

25 March 2014

Independent Auditor's Report

Deloitte.
德勤

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

We have audited the consolidated financial statements of Strong Petrochemical Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 99, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 1 April 2013 to 31 December 2013, 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 the 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 (the "HKICPA") 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement 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 HKICPA. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2013 and of its profit and cash flows for the period from 1 April 2013 to 31 December 2013 in accordance with the Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 March 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period from 1 April 2013 to 31 December 2013

	NOTES	1/4/2013 to 31/12/2013 HK$'000	1/4/2012 to 31/3/2013 HK$'000
Revenue	6	**20,875,730**	15,090,716
Cost of sales		**(20,206,338)**	(14,785,878)
Gross profit		**669,392**	304,838
Other income	7(a)	**22,647**	21,224
Other gains and losses	7(b)	**3,619**	164,215
Fair value changes on derivative financial instruments		**50,598**	117,708
Distribution and selling expenses		**(268,289)**	(107,205)
Administrative expenses		**(67,877)**	(56,478)
Other expenses		**(596)**	(476)
Finance costs	8	**(24,282)**	(24,444)
Share of losses of associates		**(7,371)**	(107,238)
Profit before taxation		**377,841**	312,144
Taxation charge	9	**(4,543)**	(4,642)
Profit for the period/year	10	**373,298**	307,502
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation		**8,928**	1,010
Total comprehensive income for the period/year		**382,226**	308,512
Profit (loss) for the period/year attributable to:			
Owners of the Company		**372,519**	308,716
Non-controlling interests		**779**	(1,214)
		373,298	307,502
Total comprehensive income (expense) attributable to:			
Owners of the Company		**379,506**	309,640
Non-controlling interests		**2,720**	(1,128)
		382,226	308,512
Earnings per share	13		
— basic (HK$)		**0.23**	0.19
— diluted (HK$)		**0.22**	0.19

Consolidated Statement of Financial Position

At 31 December 2013

	NOTES	31/12/2013 HK$'000	31/3/2013 HK$'000
Non-current assets			
Property, plant and equipment	14	**297,634**	117,172
Prepaid lease payments	15	**54,581**	21,063
Other investment	16	**–**	1,560
Other assets	17	**32,220**	1,059
Interests in associates	18	**136,610**	128,943
		521,045	269,797
Current assets			
Inventories	19	**1,365,401**	819,044
Prepaid lease payments	15	**1,186**	479
Trade and bills receivables	20	**3,197,614**	183,215
Other receivables, deposits and prepayments	20	**102,024**	88,824
Tax recoverable		**93**	20
Derivative financial instruments	26	**378,525**	21,869
Other investment	16	**1,491**	–
Deposits placed with brokers	22	**194,295**	163,136
Pledged bank deposits	23	**65,290**	73,506
Bank balances and cash	23	**345,326**	361,856
		5,651,245	1,711,949
Assets classified as held for sale	29	**187,979**	175,292
		5,839,224	1,887,241
Current liabilities			
Trade and bills payables	24	**2,501,257**	381,307
Other payables and accruals	24	**191,796**	28,503
Receipt in advance		**14,580**	22,081
Bank borrowings	25	**1,684,621**	536,820
Derivative financial instruments	26	**387,021**	43,472
Tax payable		**4,482**	155
		4,783,757	1,012,338
Liabilities associated with assets classified as held for sale	29	**78,000**	–
		4,861,757	1,012,338
Net current assets		**977,467**	874,903
Total assets less current liabilities		**1,498,512**	1,144,700

Consolidated Statement of Financial Position

At 31 December 2013

	NOTES	31/12/2013 HK$'000	31/3/2013 HK$'000
Equity			
Share capital	28	**40,424**	40,300
Reserves		**1,336,451**	1,018,679
Equity attributable to owners of the Company		**1,376,875**	1,058,979
Non-controlling interests		**74,001**	71,281
Total equity		**1,450,876**	1,130,260
Non-current liability			
Bank borrowings	25	**47,636**	14,440
		1,498,512	1,144,700

The consolidated financial statements on pages 35 to 99 were approved and authorised for issue by the Board of Directors on 25 March 2014 and are signed on its behalf by:

Wang Jian Sheng
DIRECTOR

Yao Guoliang
DIRECTOR

Consolidated Statement of Changes in Equity

For the period from 1 April 2013 to 31 December 2013

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (note 1)	Legal reserve HK$'000 (note 2)	Share options reserve HK$'000	Translation reserve HK$'000	Other reserve HK$'000 (note 3)	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2012	40,360	209,270	(1,922)	49	42,099	16,991	10,533	433,941	751,321	72,409	823,730
Exchange differences arising on translation	–	–	–	–	–	924	–	–	924	86	1,010
Profit (loss) for the year	–	–	–	–	–	–	–	308,716	308,716	(1,214)	307,502
Total comprehensive income (expense) for the year	–	–	–	–	–	924	–	308,716	309,640	(1,128)	308,512
Shares repurchased and cancelled	(60)	(1,922)	–	–	–	–	–	–	(1,982)	–	(1,982)
At 31 March 2013	**40,300**	**207,348**	**(1,922)**	**49**	**42,099**	**17,915**	**10,533**	**742,657**	**1,058,979**	**71,281**	**1,130,260**
Exchange differences arising on translation	**–**	**–**	**–**	**–**	**–**	**6,987**	**–**	**–**	**6,987**	**1,941**	**8,928**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**372,519**	**372,519**	**779**	**373,298**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**6,987**	**–**	**372,519**	**379,506**	**2,720**	**382,226**
Shares repurchased and cancelled	**(21)**	**(752)**	**–**	**–**	**–**	**–**	**–**	**–**	**(773)**	**–**	**(773)**
Issue of shares on exercise of share options	**145**	**5,274**	**–**	**–**	**(1,679)**	**–**	**–**	**–**	**3,740**	**–**	**3,740**
Dividend recognised as distribution (note 12)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(64,577)**	**(64,577)**	**–**	**(64,577)**
At 31 December 2013	**40,424**	**211,870**	**(1,922)**	**49**	**40,420**	**24,902**	**10,533**	**1,050,599**	**1,376,875**	**74,001**	**1,450,876**

Notes:

1. The special reserve represents the difference between the nominal value of shares of the acquired subsidiaries and the nominal value of the shares of the Company issued for the acquisition at the time of the corporate reorganisation to rationalise the Group structure prior to the listing of the Company's share on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

3. Other reserve was resulted from the deemed disposal of partial interests in subsidiaries without losing the Group's control over the subsidiaries in previous years.

Consolidated Statement of Cash Flows

For the period from 1 April 2013 to 31 December 2013

	1/4/2013 to 31/12/2013 HK$'000	1/4/2012 to 31/3/2013 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**377,841**	312,144
Adjustments for:		
Bank interest income	**(560)**	(577)
Imputed interest income from loan to an associate	**(12,689)**	(14,061)
Finance costs	**24,282**	24,444
Depreciation	**5,479**	2,510
Release of prepaid lease payments	**596**	476
Gain on disposal of property, plant and equipment	**–**	(3)
Change in fair value of bank structured deposit	**–**	1,041
Change in fair value of derivative financial instruments	**(13,107)**	30,375
Loss on change in fair value on other investment	**69**	–
Gain on change in estimated cash flows in respect of loan to an associate	**–**	(83,640)
Reversal of impairment loss on interest in an associate	**–**	(81,402)
Share of losses of associates	**7,371**	107,238
Operating cash flows before movements in working capital	**389,282**	298,545
Increase in inventories	**(546,357)**	(817,791)
(Increase) decrease in trade and bills receivables	**(3,014,399)**	2,284,832
Increase in other receivables, deposits and prepayments	**(13,200)**	(56,859)
Increase (decrease) in trade and bills payables	**2,119,950**	(1,272,630)
(Decrease) increase in receipt in advance	**(7,501)**	19,824
Increase in other payables and accruals	**125,292**	479
Cash (used in) from operations	**(946,933)**	456,400
Interest paid and bank charges	**(24,282)**	(24,444)
Income tax paid	**(288)**	(211)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(971,503)**	431,745

Consolidated Statement of Cash Flows

For the period from 1 April 2013 to 31 December 2013

	1/4/2013 to 31/12/2013 HK$'000	1/4/2012 to 31/3/2013 HK$'000
INVESTING ACTIVITIES		
Bank interest received	560	577
Purchase of property, plant and equipment	(144,860)	(49,845)
Payment for prepaid lease	(34,241)	–
Proceeds from disposal of property, plant and equipment	–	3
Acquisition of an associate	(12,095)	–
Withdrawal of pledged bank deposits	8,216	181,318
Increase in deposits placed with brokers	(31,159)	(82,664)
Settlement of bank structured deposit	–	18,463
Purchase of other investment	–	(1,560)
Purchase of other assets	–	(667)
Deposit paid to a fund company for an investment	(31,161)	–
Deposit received for partial disposal of an associate	78,000	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(166,740)	65,625
FINANCING ACTIVITIES		
Dividend paid	(64,577)	–
Payment on repurchase of shares	(773)	(1,982)
Proceeds from exercise of share options	3,740	–
New bank loans raised	7,935,515	5,568,431
Repayment of bank borrowings	(6,754,994)	(5,866,953)
Repayment to non-controlling shareholders of a subsidiary	–	(4,913)
Capital injection from other shareholders of a subsidiary	–	13,261
NET CASH FROM (USED IN) FINANCING ACTIVITIES	1,118,911	(292,156)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(19,332)	205,214
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	361,856	156,408
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	2,802	234
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	345,326	361,856
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	345,326	361,856

1. GENERAL

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 1 February 2008. The shares of the Company have been listed on the Main Board of the Stock Exchange since 12 January 2009. Its parent and ultimate holding company is Forever Winner International Ltd. ("Forever Winner"), a limited company incorporated in the British Virgin Islands. Mr. Wang Jian Sheng, the Chairman and executive director of the Company and Mr. Yao Guoliang, the chief executive officer and executive director of the Company each holds 50% equity interest in Forever Winner. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 1604, 16th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, respectively.

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries are trading of crude oil, petroleum products and petrochemicals. Details are set out in note 36.

During the current financial period, the financial year end date of the Group was changed from 31 March to 31 December because the directors of the Company determined to bring the financial year end date of the Group in line with the financial year end date of the subsidiaries in the People's Republic of China (the "PRC"), which are statutorily required to close their accounts with financial year end date of 31 December. Accordingly, the consolidated financial statements for the current period cover nine months ended 31 December 2013. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a twelve months period from 1 April 2012 to 31 March 2013 and therefore may not be comparable with amounts shown for the current period.

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

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

Application of new and revised HKFRSs

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current period:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 cycle
Amendments to HKFRS 7	Disclosures — Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC)-Int 20	Stripping costs in the production phase of a surface mine

Except as described below, the application of the new and revised HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current period and prior years and/or on the disclosures set out in these consolidated financial statements.

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

Amendments to HKFRS 7 Disclosures — Offsetting financial assets and financial liabilities

The Group has applied the amendments to HKFRS 7 Disclosures — Offsetting financial assets and financial liabilities for the first time in the current period. The amendments to HKFRS 7 require entities to disclose information about:

(a) recognised financial instruments that are set off in accordance with HKAS 32 Financial instruments: presentation; and

(b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The amendments to HKFRS 7 have been applied retrospectively. The application of the amendments has had no material impact on the amounts reported in the Group's consolidated financial statements but has resulted in more disclosures relating to the Group's derivative financial instruments and certain financial instruments which are under master netting agreements or similar agreements. Detailed disclosures are set out in note 5.

HKFRS 10 Consolidated financial statements

HKFRS 10 replaces the parts of HKAS 27 (Revised) Consolidated and separate financial statements that deal with consolidated financial statements and HK(SIC)-Int 12 Consolidation — Special purpose entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company have made an assessment as at the date of initial application of HKFRS 10 as to whether or not the Group has control over the investees in accordance with the new definition of control and the related guidance set out in HKFRS 10, and concluded that the application of HKFRS 10 does not change any of the control conclusions reached by the Group in respect of its involvement with other entities.

HKAS 28 (as revised in 2011) Investments in associates and joint ventures

As set out in note 18, the Group has entered into a conditional sale and purchase agreement to dispose approximately 33.12% out of 40% equity interest in an associate and the entire carrying amount of the associate was reclassified as assets held for sales during the year ended 31 March 2013. The HKAS 28 (as revised in 2011) has introduced the accounting treatment for the partial disposal of investment in an associate which is classified as held for sale. The portion of the investment in an associate to be recovered principally through a sale transaction rather than through continuing use is classified as held for sale if it meets the condition that the sale is highly probable and the disposal is available for immediate sale in its present condition. Any retained portion of investment in an associate that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place.

HKAS 28 (as revised in 2011) has been applied retrospectively. Upon application of HKAS 28 (as revised in 2011), the retained portion of investment in an associate is required to be accounted for using the equity method and only the portion to be disposed should be presented as assets held for sales. Since the Group's share of losses of the relevant associate exceeded its interest in the associate and had discontinued recognising its share of further losses prior to meeting the held for sale criteria, the application of HKAS 28 (as revised in 2011) has no impact on the carrying amount of the associate as at 31 March 2013, 1 April 2013 and 31 December 2013 and the Group's share of losses of the relevant associate for the year ended 31 March 2013 and for the period ended 31 December 2013. Accordingly, no adjustment has been made retrospectively.

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

HKFRS 12 Disclosure of interests in other entities

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (please see notes 18 and 36 for details).

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 31 March 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements. Detailed disclosures are set out in note 5.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The Group has applied the amendments to HKAS 1 Presentation of items of other comprehensive income. Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle[2]
HKFRS 9	Financial instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (as revised in 2011)	Investment entities[1]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
HK(IFRIC)-Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 July 2014. Early application is permitted.
3 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 that are relevant to the Group are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial instruments: Recognition and measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

Based on an analysis of the Group's financial instruments as at 31 December 2013, the directors anticipate that the application of HKFRS 9, would have no material impact on the Group's financial assets and financial liabilities.

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

HK(IFRIC)-Int 21 Levies

HK(IFRIC)-Int 21 Levies addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The directors of the Company anticipate that the application of HK(IFRIC)-Int 21 will have no material effect on the Group's consolidated financial statements.

The directors of the Group anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing 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 and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale (in which case it is accounted for in accordance with HKFRS 5 Non-current assets held for sale and discontinued operations). Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. Any retained portion of an investment in an associate that has been classified as held for sale is accounted for using the equity method. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at the date on which the Group loses significant influence on interest in an associate and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate at the date of disposal, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations

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 at 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, except that:

- deferred tax assets or liabilities, and assets or 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 arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based payment at the acquisition date (see the accounting policy); 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.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method for the retained portion of an investment in an associate at the time of disposal when the disposal results in the Group losing significant influence over the associate.

After the disposal takes place, the Group accounts for any retained interest in the associate in accordance with HKAS 39 unless the retained interest continues to be an associate, in which case the Group uses the equity method (see the accounting policy regarding investments in associates above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

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

Revenue from sales of goods is recognised when goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income 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 on initial recognition.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods and services, or for administrative purposes, other than construction in progress, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than construction in progress, less their residual values, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress including property, plant and equipment in the course of construction for production or for its own use purposes is carried at cost less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Prepaid lease payments represent leasehold interests in land under operating lease arrangements and are released over the lease-term on a straight-line basis.

The Group as lessor

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency ("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 the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. 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 on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme"), Macao Social Security Fund and the state-managed retirement benefit scheme of the PRC and Singapore which are defined contribution plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Taxation

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

The tax currently payable is based on taxable profit for the period. Taxable profit differs from the amount as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the 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 base 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 assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in associates, 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 the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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 is 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 and deferred tax is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("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 financial assets at FVTPL and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 and 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 debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

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

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan to an associate, trade receivables, bill receivables, other receivables and deposits, deposits placed with brokers, pledged bank deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of loans and receivables below).

Change in estimate of cash flows

If the estimates of receipts from financial assets revise, the Group adjusts the carrying amount of the financial asset to reflect actual and revised estimated cash flows. The Group recalculates the carrying amount of the financial assets by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. The difference between the carrying amount and the revised present value is recognised as income or expense in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

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

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, 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 and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

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 (including all fees and 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 liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

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

Financial liabilities at FVTPL

Financial liabilities at FVTPL are financial liabilities held for trading. A financial liability is classified as held for trading if:

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

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any interest on the financial liabilities.

Other financial liabilities

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment losses on tangible assets *(continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as an income immediately.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

When the share options are exercised, the amount previously recognised in the share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share options reserve will continue to be held in share options reserve.

Share options granted to suppliers/consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

4. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt representing bank borrowings disclosed in note 25, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, share premium, retained profits and other reserves as disclosed in the consolidated statement of changes in equity.

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

5. FINANCIAL INSTRUMENTS

	31/12/2013 HK$'000	31/3/2013 HK$'000
Categories of financial instruments		
Financial assets		
FVTPL		
— Held for trading	**380,016**	21,869
— Designated as at FVTPL	**–**	1,560
Loans and receivables (including cash and cash equivalents)	**4,025,818**	959,375
Financial liabilities		
FVTPL		
— Held for trading	**387,021**	43,472
Amortised cost	**4,361,655**	942,677

Financial risk management objectives and policies

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

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

Market risks

Interest rate risk

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

The Group's cash flow interest rate risk primarily relates to its variable-rate deposits placed with brokers, pledged bank deposits and bank balances, and bank borrowings, as set out in notes 22, 23 and 25 respectively.

The Group's cash flow interest rate is mainly concentrated on fluctuation of variable rates arising from the Group's US$ dominated borrowings.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for variable-rate bank balances, pledged bank deposits, deposits placed with brokers and bank borrowings at the end of the reporting period. The analysis is prepared assuming the amount of bank balances, pledged bank deposits, deposits placed with brokers and bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 10 basis points (31/3/2013: 10 basis points) increase or decrease is used for bank balances, pledged bank deposits, deposits placed with brokers and a 50 basis points (31/3/2013: 50 basis points) increase or decrease is used for bank borrowings which represents management's assessment of reasonably possible changes in interest rates.

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risks *(continued)*

Sensitivity analysis (continued)

For bank balances, pledged bank deposits, deposits placed with brokers, if the interest rate increases by 10 basis points (31/3/2013: 10 basis points) and all other variables were held constant, the post-tax profit for the period will increase by approximately HK$605,000 (1/4/2012 to 31/3/2013: HK$598,000). No sensitivity for the decrease in interest rate is performed as the directors considered the existing interest rate level for majority of bank balances, pledged bank deposits and deposits placed with brokers is so low that close to zero and the financial impact would not be material.

For bank borrowings, if interest rate increases/decreases by 50 basis points (31/3/2013: 50 basis points) and all other variables were held constant; the post-tax profit for the period will decrease/increase by approximately HK$8,661,000 (1/4/2012 to 31/3/2013: HK$2,756,000).

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as exposure at the end of the reporting period does not reflect the exposure during the period.

Currency risk

The majority of the Group's sales and purchases are denominated in the functional currency of the Group. Occasionally, some purchases are denominated in foreign currencies.

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

	Assets		Liabilities	
	31/12/2013 HK$'000	31/3/2013 HK$'000	**31/12/2013 HK$'000**	31/3/2013 HK$'000
Functional currency as US$ against				
HK$	**2,511**	4,938	**40**	173
EURO ("EUR")	**312**	18	**–**	–
Other currencies	**775**	3,999	**–**	10
US$ against functional currency as				
Renminbi ("RMB")	**29,597**	11,510	**–**	–

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

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

Sensitivity analysis

If US$ against RMB increases/decreases by 5%, with all other variables held constant, the Group's profit for the period ended 31 December 2013 would increase/decrease by approximately HK$1,480,000 (1/4/2013 to 31/3/2013: HK$576,000). 5% is the sensitivity rate used by the management in the assessment of the reasonably possibly change in foreign exchange rate.

The directors considered that other than those mentioned above, the sensitivity of the Group's exposure against the changes in other foreign exchange rates is not significant as the foreign currency denominated monetary assets and liabilities of individual group entities were insignificant at the end of the reporting periods.

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Other price risk

(i) Oil price risk

The Group is exposed to oil price risk through its trading of petroleum products, crude oil and petrochemicals of which their prices fluctuate directly with the oil price. The oil price is affected by a wide range of global and domestic factors which are beyond the control of the Group. The fluctuation in oil prices may have favourable or unfavourable impacts to the Group.

To reduce the price risk during the course of business, the Group has entered into derivative contracts, including futures and swaps in both over-the-counter and different exchanges, in accordance with risk management policy of the Group. Derivative transactions entered into for risk management purposes will be monitored for suitability in terms of size with reference to the corresponding inventory held/shipment involved. Under the risk management policy, the open derivative positions are limited and monitored by different risk tolerance thresholds, including lots size thresholds for the equivalent physical cargo quantities, a sensitivity threshold based on absolute monetary amount, and a company threshold on net current assets. The management closely monitors the oil price trend in the market and other sources and its inventory position. Based on the oil price analysis and expected trading period, the management reduces the risk exposure by entering into long and short position of respective derivative financial instruments.

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

Sensitivity analysis

If the reference oil price had been 10% higher/lower and all other variables were held constant, the Group's profit for the period would decrease/increase by approximately HK$452,000 (1/4/2012 to 31/3/2013: HK$46,473,000). The sensitivity rate of 10% represents management's assessment of the reasonably possible change in the reference oil price.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent risk of the oil price as exposure at the end of the reporting period does not reflect the exposure during the period.

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Other price risk *(continued)*

(ii) *Equity price risk*

The Group is exposed to equity price risk through its investments in listed equity securities. As at 31 December 2013, the Group's equity price risk is mainly concentrated on equity instruments operating in oil and gas industry sector quoted in New York Stock Exchange.

No sensitivity analysis is presented as the investment amount was in significant at the end of the reporting period.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2013, the Group has available unutilised short-term bank loan facilities of approximately US$785,327,000 (equivalent to HK$6,125,554,000) (31/3/2013: US$686,574,000 (equivalent to HK$5,355,275,000)).

The following tables detail the Group's remaining contractual maturities for its financial liabilities based on the agreed repayment dates. For non-derivative liabilities the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cashflows. For derivative instruments settled on a net basis, undiscounted contractual net cash outflow are presented. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contracted maturities are essential for an understanding of the timing of the cash flows of derivatives.

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

To the extent that interests are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective interest rate %	On demand or less than 1 month HK$'000	1 month to 3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 December 2013							
Non-derivative financial liabilities							
Trade and bills payables	**–**	**2,500,196**	**1,061**	**–**	**–**	**2,501,257**	**2,501,257**
Other payables	**–**	**84,241**	**50**	**43,850**	**–**	**128,141**	**128,141**
Bank borrowings — variable rate	**1.87**	**1,652,783**	**1,401**	**35,935**	**50,837**	**1,740,956**	**1,732,257**
		4,237,220	**2,512**	**79,785**	**50,837**	**4,370,354**	**4,361,655**
Derivatives — net settlement							
— futures contracts		**96,468**	**10,518**	**47,375**	**–**	**154,361**	**154,361**
— swap contracts		**150,309**	**77,066**	**5,285**	**–**	**232,660**	**232,660**
		246,777	**87,584**	**52,660**	**–**	**387,021**	**387,021**
As at 31 March 2013							
Non-derivative financial liabilities							
Trade and bills payables	–	381,307	–	–	–	381,307	381,307
Other payables	–	130	105	9,875	–	10,110	10,110
Bank borrowings — variable rate	1.77	533,875	308	3,921	15,102	553,206	551,260
		915,312	413	13,796	15,102	944,623	942,677
Derivatives — net settlement							
— futures contracts	–	23,231	7,313	–	–	30,544	30,544
— swap contracts	–	12,928	–	–	–	12,928	12,928
		36,159	7,313	–	–	43,472	43,472

5. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk

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

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

The bank structured deposit, bank balances and deposits placed with brokers are placed in various authorised financial institutions either with high credit ratings or good financial background and the directors of the Company consider the credit risk of such authorised financial institutions is low.

The Group has closely monitored the recoverable amount of loan to an associate and the amount is expected to be recovered through assignment of the loan to the controlling shareholder of the relevant associate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other than concentration of credit risk on loan to an associate, liquid funds and derivative financial instruments which are deposited or traded with several financial institutions and brokers with high credit ratings or good reputation, the Group also has concentration of credit risk on the trade receivables. The total trade receivables of the Group as at 31 December 2013 were due from 8 (31/3/2013: 9) customers. These customers are mainly large and established oil trading companies or/and foreign state-owned energy companies with good financial backgrounds. The management closely monitors the subsequent settlement by the customers. At the same time, the management endeavours to diversify and expand the customer base in order to mitigate the concentration of credit risk through establishing new business relationships with non state-owned licensed import agents and overseas oil trading companies.

5. FINANCIAL INSTRUMENTS *(continued)*

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at 31 December 2013	Fair value hierarchy	Valuation technique(s) and key input(s)
1) Derivative financial instruments	Assets — HK$378,525,000; and Liabilities — HK$387,021,000	Level 2	Difference between the contracted strike prices and prevailing futures prices or published indexes. Such prevailing futures prices or published oil indexes are derived from the relevant futures exchanges or oil prices publication as specified in the contracts.
2) Held-for-trading non-derivative financial assets classified as other investment in the consolidated statement of financial position	Listed equity securities in the United States: — HK$1,491,000 — Oil and gas industry	Level 1	Quoted bid prices in an active market.

There were no transfers between Level 1 and 2 in the period.

Fair value hierarchy as at 31 December 2013 and 31 March 2013.

	At 31 December 2013			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL				
Other investment	1,491	–	–	1,491
Derivative financial instruments	–	378,525	–	378,525

5. FINANCIAL INSTRUMENTS *(continued)*

Fair value measurements of financial instruments *(continued)*

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(continued)*

	At 31 December 2013			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Financial liabilities at FVTPL				
Derivative financial instruments	–	**387,021**	–	**387,021**

	At 31 March 2013			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL				
Other investment	–	–	1,560	1,560
Derivative financial instruments	–	21,869	–	21,869

	At 31 March 2013			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial liabilities at FVTPL				
Derivative financial instruments	–	43,472	–	43,472

Reconciliation of Level 3 fair value measurements of financial asset

	Other investment HK$'000	**Bank structured deposit** HK$'000
At 1 April 2012	–	19,504
Total gain or losses		
— Fair value change in bank structured deposit classified as asset at FVTPL recognised in profit or loss	–	(1,041)
Purchases	1,560	–
Settlements	–	(18,463)
At 31 March 2013	**1,560**	**–**
Transfers out of Level 3 (note)	**(1,560)**	**–**
At 31 December 2013	**–**	**–**

Note: Other investment, representing the investment in convertible preferred shares, was converted into ordinary shares upon the listing of the respective entity in New York Stock Exchange during the period ended 31 December 2013.

5. FINANCIAL INSTRUMENTS *(continued)*

Fair value measurements of financial instruments *(continued)*

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

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

Financial assets and financial liabilities subject to offsetting enforceable master netting arrangements and similar agreements

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

The amounts recognised for the derivative financial assets, derivative financial liabilities and deposits placed with brokers in relation to futures and swaps contracts do not meet the criteria for offsetting in the Group's consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable upon an event of default.

As at 31 December 2013

	Gross amounts of recognised financial assets (liabilities) HK$'000 (note 1)	Gross amounts of recognised financial (liabilities) assets set off in the consolidated statement of financial position HK$'000	Net amount of financial assets (liabilities) presented in the consolidated statement of financial position HK$'000 (note 1)
Financial assets			
Deposits placed with brokers	194,295	–	194,295
Derivative financial instruments — future contracts	174,233	–	174,233
Derivative financial instruments — swap contracts	204,292	–	204,292
Total	572,820	–	572,820
Financial liabilities			
Derivative financial instruments — futures contracts	(154,361)	–	(154,361)
Derivative financial instruments — swap contracts	(232,660)	–	(232,660)
Total	(387,021)	–	(387,021)

5. FINANCIAL INSTRUMENTS *(continued)*

Financial assets and financial liabilities subject to offsetting enforceable master netting arrangements and similar agreements *(continued)*

As at 31 March 2013

	Gross amounts of recognised financial assets (liabilities) HK$'000 (note 1)	Gross amounts of recognised financial (liabilities) assets set off in the consolidated statement of financial position HK$'000	Net amount of financial assets (liabilities) presented in the consolidated statement of financial position HK$'000 (note 1)
Financial assets			
Deposits placed with brokers	163,136	–	163,136
Derivative financial instruments — future contracts	9,685	–	9,685
Derivative financial instruments — swap contracts	12,184	–	12,184
Total	185,005	–	185,005
Financial liabilities			
Derivative financial instruments — futures contracts	(30,544)	–	(30,544)
Derivative financial instruments — swap contracts	(12,928)	–	(12,928)
Total	(43,472)	–	(43,472)

5. FINANCIAL INSTRUMENTS *(continued)*

Financial assets and financial liabilities subject to offsetting enforceable master netting arrangements and similar agreements *(continued)*

As at 31 December 2013

	Net amounts of recognised financial assets (liabilities) HK$'000 (note 1)	Related amounts not set off in the consolidated statement of financial position		
		Financial instruments HK$'000 (note 2)	Cash collateral HK$'000 (note 2)	Net amounts HK$'000
Financial assets				
Counterparty A	48,010	(10,656)	–	37,354
Counterparty B	204,058	(66,500)	–	137,558
Counterparty C	319,845	(309,865)	–	9,980
Others	907	–	–	907
	572,820	(387,021)	–	185,799
Financial liabilities				
Counterparty A	(10,656)	8,186	2,470	–
Counterparty B	(66,500)	66,500	–	–
Counterparty C	(309,865)	300,313	9,552	–
	(387,021)	374,999	12,022	–

5. FINANCIAL INSTRUMENTS *(continued)*

Financial assets and financial liabilities subject to offsetting enforceable master netting arrangements and similar agreements *(continued)*

As at 31 March 2013

	Net amounts of recognised financial assets (liabilities) HK$'000 (note 1)	Related amounts not set off in the consolidated statement of financial position		
		Financial instruments HK$'000 (note 2)	Cash Collateral HK$'000 (note 2)	Net amounts HK$'000
Financial assets				
Counterparty A	46,587	(14,558)	–	32,029
Counterparty B	136,831	(28,914)	–	107,917
Others	1,587	–	–	1,587
	185,005	(43,472)	–	141,533
Financial liabilities				
Counterparty A	(14,558)	14,091	467	–
Counterparty B	(28,914)	7,778	21,136	–
	(43,472)	21,869	21,603	–

Notes:

1. The gross amounts of the recognised financial assets and financial liabilities and their net amounts as presented in the Group's consolidated statement of financial position that have been disclosed in the above tables are measured as follows:

   — Deposits placed with brokers — amortised cost

   — Derivative financial instruments — fair value

2. If a default occurs, the brokers are able to exercise the right to offset against any favourable contracts and the deposits placed by the Group. The amounts are measured on the same basis as the recognised financial assets and financial liabilities.

6. REVENUE AND SEGMENTAL INFORMATION

Revenue

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

Segmental information

The Group is principally engaged in trading of crude oil, petroleum products and petrochemicals ("Trading business"). In addition, the management plans to develop an oil storage business ("Oil Storage business") and manufacture of petrochemicals ("Petrochemicals Manufacture Business") in the PRC (excluding Hong Kong and Macao). Certain storage and manufacturing facilities were either partially completed or in the process of construction.

The chief operating decision makers (the "CODM"), being the executive directors of the Company, regularly review oil price analysis, hedging positions, liquidity position and the construction progress report. However, no discrete financial information is available for the various businesses respectively. For the purpose of performance assessment and resource allocation, the CODM regularly review the Group's revenue and Group's profit for the period/year as a whole, which are measured in accordance with the Group's accounting policies. No analysis of the Group's assets and liabilities by the respective businesses is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on products, geographical areas and major customers are presented under HKFRS 8.

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

	1/4/2013 to 31/12/2013 HK$'000	1/4/2012 to 31/3/2013 HK$'000
Crude oil	**8,259,707**	9,132,189
Petroleum products	**11,953,817**	5,375,932
Petrochemicals	**662,206**	582,595
	20,875,730	15,090,716

Geographical information

The Group's operations are currently carried out by the subsidiaries operating in Hong Kong, Macao, the PRC and Singapore in which the sales contracts are negotiated and concluded. However, based on the terms of the contracts, the products are arranged to be delivered to the designated location as specified by the customers except for delivery through a vessel rented by the Group in Malaysia.

6. REVENUE AND SEGMENTAL INFORMATION *(continued)*

Geographical information *(continued)*

The Group's revenue from external customers as categorised by the location of shipment/delivery as designated by the customers and information about the Group's non-current assets by geographical location of assets are detailed below:

	Revenue from external customers		Non-current assets	
	1/4/2013 to 31/12/2013	1/4/2012 to 31/3/2013	**31/12/2013**	31/3/2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**–**	–	**2,561**	1,122
Macao	**–**	–	**995**	1,080
PRC	**18,419,439**	11,376,989	**474,626**	265,290
Malaysia*	**1,455,442**	3,101,112	**–**	–
Thailand	**–**	287,482	**11,124**	–
Korea	**182,239**	325,133	**–**	–
Italy	**818,610**	–	**–**	–
Singapore	**–**	–	**578**	745
	20,875,730	15,090,716	**489,884**	268,237

* Based on the terms of the contracts, certain trade transactions were carried out with customers who directly arranged the transportation to obtain crude oil and petroleum products from the vessel rented by the Group, which served as storage facilities, anchoring at a port in Malaysia.

Note: For the purpose of the geographical information above, non-current assets as at 31 December 2013 excluded deposit paid for an investment (31/3/2013: excluded other investment).

Information about major customers

Revenue from customers of the corresponding period/year which contributed over 10% of the total sales of the Group are as follows:

	1/4/2013 to 31/12/2013	1/4/2012 to 31/3/2013
	HK$'000	HK$'000
Customer A	**4,501,243**	4,894,399
Customer B	**–***	2,334,025
Customer C	**–***	2,013,154
Customer D	**5,605,023**	–*
Customer E	**2,992,925**	–*

* Revenue below 10% of total sales for the respective period is not disclosed.

7. OTHER INCOME, GAINS AND LOSSES

	1/4/2013 to 31/12/2013 HK$'000	1/4/2012 to 31/3/2013 HK$'000
(a) Other income		
Rental income from short-term leasing of unutilised property, plant and equipment and storage area of the rented vessel	**5,587**	6,290
Bank interest income	**560**	577
Service income	**129**	296
Non-performance claim	**3,682**	–
Imputed interest income from loan to an associate	**12,689**	14,061
	22,647	21,224
(b) Other gains and losses		
Gain on change in estimated cash flows in respect of loan to an associate	**–**	83,640
Reversal of impairment loss on interest in an associate	**–**	81,402
Decrease in fair value on bank structured deposit	**–**	(1,041)
Loss on change in fair value on other investment	**(69)**	–
Gain on trading of held-for-trading securities	**1,031**	–
Gain on disposal of property, plant and equipment	**–**	3
Others	**2,657**	211
	3,619	164,215

8. FINANCE COSTS

	1/4/2013 to 31/12/2013 HK$'000	1/4/2012 to 31/3/2013 HK$'000
Interests on bank borrowings wholly repayable within five years	**12,213**	15,073
Bank charges on letter of credit facilities	**12,069**	9,371
	24,282	24,444

9. TAXATION CHARGE

	1/4/2013 to 31/12/2013 HK$'000	1/4/2012 to 31/3/2013 HK$'000
Current tax:		
PRC Enterprise Income Tax	167	284
Singapore Income Tax	4,376	–
	4,543	284
Deferred tax charge	–	4,358
	4,543	4,642

No provision for Hong Kong Profits Tax has been made for the period/year since tax losses were incurred for the subsidiaries with operations in Hong Kong or the assessable profit is wholly absorbed by tax losses brought forward.

Under the Enterprise Income Tax Law (the "EIT Law") and Implementation Rules of the PRC, the tax rate of the PRC subsidiaries is 25% (1/4/2012 to 31/3/2013: 25%) for the period.

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

Singapore Income Tax is calculated at 17% of the estimated assessable profits for the period. No provision for Singapore Income Tax for the year ended 31 March 2013 as there was no assessable profit for that year.

9. TAXATION CHARGE *(continued)*

The taxation charge for the period/year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	1/4/2013 to 31/12/2013 HK$'000	1/4/2012 to 31/3/2013 HK$'000
Profit before taxation	**377,841**	312,144
Tax at applicable Hong Kong Profits Tax rate of 16.5% (1/4/2012 to 31/3/2013: 16.5%)	**62,344**	51,504
Tax effect of income not taxable for tax purpose	**(3,238)**	(29,601)
Tax effect of expenses not deductible for tax purpose	**3,703**	961
Effect of tax exemption granted to Macao subsidiary	**(58,153)**	(46,701)
Tax effect of different rates of subsidiaries operating in other jurisdictions	**210**	113
Tax effect of share of losses of associates	**1,216**	17,694
Utilisation of tax losses previously not recognised	**(2,685)**	–
Tax effect of tax losses not recognised	**1,071**	6,249
Written off of deferred tax asset in respect of tax losses recognised	**–**	4,358
Others	**75**	65
Taxation charge for the period/year	**4,543**	4,642

10. PROFIT FOR THE PERIOD/YEAR

	1/4/2013 to 31/12/2013 HK$'000	1/4/2012 to 31/3/2013 HK$'000
Profit for the period/year is arrived after charging (crediting):		
Auditor's remuneration	**1,875**	1,687
Depreciation of property, plant and equipment	**5,479**	2,510
Net foreign exchange (gains) losses	**(110)**	4,292
Operating lease rentals in respect of storage facilities, a vessel and rented premises	**53,986**	64,962
Directors' emoluments	**315**	420
Other staff costs		
Salaries, bonus and other allowances	**22,207**	18,135
Retirement benefit schemes contributions	**750**	665
	23,272	19,220
Cost of inventories recognised as an expense (included in cost of sales)	**20,206,338**	14,785,878

Distribution and selling expenses principally comprise sales commission and storage expenses.

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the 5 (1/4/2012 to 31/3/2013: 5) directors and the chief executive were as follows:

	Executive directors		**Independent non-executive directors**			
	Wang Jian Sheng HK$'000	**Yao Guoliang HK$'000 (note)**	**Lin Yan HK$'000**	**Guo Yan Jun HK$'000**	**Cheung Siu Wan HK$'000**	**Total HK$'000**
Fees	–	–	**90**	**90**	**135**	**315**
Other emoluments						
Salaries and other benefits	–	–	–	–	–	–
Long service payment	–	–	–	–	–	–
Share-based payments	–	–	–	–	–	–
Discretionary bonus	–	–	–	–	–	–
Total emoluments for period ended 31 December 2013	–	–	**90**	**90**	**135**	**315**

	Executive directors		Independent non-executive directors			
	Wang Jian Sheng HK$'000	Yao Guoliang HK$'000 (note)	Lin Yan HK$'000	Guo Yan Jun HK$'000	Cheung Siu Wan HK$'000	Total HK$'000
Fees	–	–	120	120	180	420
Other emoluments						
Salaries and other benefits	–	–	–	–	–	–
Long service payment	–	–	–	–	–	–
Share-based payments	–	–	–	–	–	–
Discretionary bonus	–	–	–	–	–	–
Total emoluments for year ended 31 March 2013	–	–	120	120	180	420

Note: Mr. Yao Guoliang is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

During the period ended 31 December 2013, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office (1/4/2012 to 31/3/2013: nil). None of the directors has waived any emoluments in both period.

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS *(continued)*

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, none (1/4/2012 to 31/3/2013: none) was director of the Company. The emoluments of the five (1/4/2012 to 31/3/2013: five) individuals were as follows:

	1/4/2013 to 31/12/2013 HK$'000	1/4/2012 to 31/3/2013 HK$'000
Salaries and other benefits	**9,095**	6,293
Long service payment	**–**	–
Contributions to retirement benefits schemes	**126**	176
Share-based payments	**–**	–
	9,221	6,469

Their emoluments were within the following bands:

	1/4/2013 to 31/12/2013 No. of employees	1/4/2012 to 31/3/2013 No. of employees
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**1**	2
HK$1,500,001 to HK$2,000,000	**1**	2
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,000,001 to HK$3,500,000	**1**	–

12. DIVIDENDS

	1/4/2013 to 31/12/2013 HK$'000	1/4/2012 to 31/3/2013 HK$'000
Dividend recognised as distribution during the period/year:		
1/4/2012 to 31/3/2013 Final — HK4 cents	**64,577**	–

The final dividend of HK5 cents (1/4/2012 to 31/3/2013: HK4 cents) per ordinary share of the Company has been proposed by the directors and is subject to the approval by the Company's shareholders at the forthcoming annual general meeting.

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit for the period/year attributable to owners of the Company and on the number of shares as follows:

	1/4/2013 to 31/12/2013	1/4/2012 to 31/3/2013
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,614,443,019**	1,613,731,551
Effect of dilutive potential ordinary shares:		
Share options	**47,854,244**	25,744,913
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,662,297,263**	1,639,476,464

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Storage tanks HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicle HK$'000	Construction in progress HK$'000	Total HK$'000
COST									
At 1 April 2012	1,698	–	951	–	748	1,132	936	67,328	72,793
Exchange realignment	–	–	–	–	(1)	(1)	(20)	256	234
Transfer	–	80,053	–	17,190	–	–	–	(97,243)	–
Additions	–	–	270	–	159	547	709	48,160	49,845
Disposals	–	–	–	–	(10)	(101)	–	–	(111)
At 31 March 2013	**1,698**	**80,053**	**1,221**	**17,190**	**896**	**1,577**	**1,625**	**18,501**	**122,761**
Exchange realignment	**–**	**2,173**	**5**	**467**	**6**	**10**	**22**	**502**	**3,185**
Transfer	**–**	**7,230**	**–**	**733**	**–**	**–**	**–**	**(7,963)**	**–**
Additions	**–**	**–**	**–**	**1,538**	**273**	**265**	**2,705**	**178,080**	**182,861**
Disposals	**–**	**–**	**(38)**	**–**	**–**	**(89)**	**–**	**–**	**(127)**
At 31 December 2013	**1,698**	**89,456**	**1,188**	**19,928**	**1,175**	**1,763**	**4,352**	**189,120**	**308,680**
ACCUMULATED DEPRECIATION									
At 1 April 2012	637	–	948	–	671	840	90	–	3,186
Exchange realignment	–	2	–	2	1	–	(1)	–	4
Provided for the year	85	1,237	121	490	51	213	313	–	2,510
Eliminated on disposals	–	–	–	–	(10)	(101)	–	–	(111)
At 31 March 2013	**722**	**1,239**	**1,069**	**492**	**713**	**952**	**402**	**–**	**5,589**
Exchange realignment	**–**	**63**	**4**	**27**	**–**	**6**	**5**	**–**	**105**
Provided for the period	**63**	**2,900**	**94**	**1,324**	**54**	**207**	**837**	**–**	**5,479**
Eliminated on disposals	**–**	**–**	**(38)**	**–**	**–**	**(89)**	**–**	**–**	**(127)**
At 31 December 2013	**785**	**4,202**	**1,129**	**1,843**	**767**	**1,076**	**1,244**	**–**	**11,046**
CARRYING VALUES									
At 31 December 2013	**913**	**85,254**	**59**	**18,085**	**408**	**687**	**3,108**	**189,120**	**297,634**
At 31 March 2013	976	78,814	152	16,698	183	625	1,223	18,501	117,172

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

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

Buildings	5%
Storage tanks	5%
Leasehold improvements	Over the shorter of the term of the lease or 3–4 years
Plant and machinery	10%
Furniture and fixtures	20%–33$^1/_3$%
Office equipment	19%–33$^1/_3$%
Motor vehicle	17%–24$^1/_4$%

As at 31 December 2013, certain of the Group's storage tanks, plant and machinery and construction in progress amounting to HK$68,503,000 (31/3/2013: HK$78,814,000), HK$14,145,000 (31/3/2013: HK$16,698,000) and HK$166,144,000 (31/3/2013: nil) respectively were pledged to secure certain bank borrowings granted to the Group.

As at 31 December 2013 and 31 March 2013, construction in progress represents the cost incurred for construction of storage tanks and facilities for manufacture of petrochemicals.

15. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise leasehold interest in land in the PRC with medium-term lease for 50 years.

The amounts are analysed for reporting purposes as:

	31/12/2013	31/3/2013
	HK$'000	HK$'000
Prepaid lease payments of the Group are analysed for reporting purpose as:		
Current asset	**1,186**	479
Non-current asset	**54,581**	21,063
	55,767	21,542

As at 31 December 2013 and 31 March 2013, all of the Group's prepaid lease payments are pledged to secure certain bank borrowings granted to the Group.

16. OTHER INVESTMENT

The balance as at 31 March 2013 represents investment in convertible preferred shares issued by a private entity incorporated in the United States of America. The investment contained an embedded derivative and was designated at FVTPL at initial recognition. During the period ended 31 December 2013, the convertible preferred shares were converted into the listed ordinary shares upon the listing of the respective entity in New York Stock Exchange. No gain or loss was derived from conversion and the shares are classified as held for trading at initial recognition. The management plans to dispose of the shares within next twelve months from the date of reporting period and accordingly it is classified as current assets. The balance as at 31 December 2013 is stated at fair value with reference to the quoted bid prices available in New York Stock Exchange.

17. OTHER ASSETS

As at 31 December 2013, the amount represented a deposit paid to a fund company for an investment amounting to HK$31,161,000 and the remaining balances represent a golf club membership and an art work that are carried at cost (31/3/2013: golf club membership and an art work).

18. INTERESTS IN ASSOCIATES

	31/12/2013	31/3/2013
	HK$'000	HK$'000
Cost of investments in associates, unlisted	**141,846**	129,751
Share of post-acquisition losses	**(20,731)**	(13,360)
Exchange realignment	**15,495**	12,552
	136,610	128,943
Loan to an associate (note)	**–**	–

Note:

On 28 December, 2011, Excellent Harvest Holdings Limited ("Excellent Harvest"), a wholly-owned subsidiary of the Company, completed the acquisition of 40% equity interest in an associate, Asia Sixth Energy Resources Limited ("Asia Sixth") at a consideration of US$67 (equivalent to approximately HK$500). As one of the conditions for acquisition of Asia Sixth, a shareholders' loan agreement dated 28 December 2011 was entered into between Excellent Harvest, and Asia Sixth, pursuant to which Excellent Harvest granted a shareholder loan facility of US$24,100,000 (equivalent to approximately HK$187,979,000) to Asia Sixth. The full amount of HK$187,979,000 was drawn down on 28 December, 2011. The loan was mainly used to finance the purchase of 60% interest in Aral Petroleum Capital LLP ("Aral"), a legal entity established under the laws of the Republic of Kazakhstan, and finance the daily operations of Aral. The loan was unsecured, interest free and repayable on 28 December, 2016.

At the date of acquisition, the fair value of non-current interest free loan to an associate was calculated by discounting the principal amount at an effective interest rate of 13.8% per annum for 5 years, which amounted to approximately HK$98,483,000. The difference of approximately HK$89,496,000, represented the imputed interest element, was considered as deemed capital contribution and therefore included as investment cost in Asia Sixth. During the year ended 31 March 2012, the Group assessed the recoverable amounts of its interests in Asia Sixth and recognised an impairment loss of approximately HK$81,402,000 in profit or loss.

On 27 March 2013, Excellent Harvest entered into a sale and purchase agreement with the controlling shareholder of Asia Sixth pursuant to which Excellent Harvest has conditionally agreed to dispose of approximately 33.12% equity interest in Asia Sixth and assigned the loan with principal amount of US$24,100,000 (equivalent to approximately HK$187,979,000) to the controlling shareholder at a consideration of US$55 (equivalent to approximately HK$400) and US$24,100,000 (equivalent to approximately HK$187,979,000) respectively. Pursuant to the sale and purchase agreement, completion shall take place within five business days after satisfaction of the conditions, which in any event shall not be later than 27 December 2013. As the directors of the Company expects the completion of the disposal is highly probable and will take place within one year, the interest in Asia Sixth and loan to Asia Sixth were therefore classified as assets held for sale and set out in note 29.

As the expected timing of cash flows from the repayment of loan to an associate changed after the sale and purchase agreement signed on 27 March 2013, the carrying amount of the loan to an associate is adjusted to reflect the revised estimate cash flows at effective interest rate of 13.8% per annum. The difference between the carrying amount and revised amount of HK$83,640,000 was recognised in profit or loss during the year ended 31 March 2013. As the Group expects to recover approximately its original investment cost and the entire amount of shareholder loan, it recognised a reversal of impairment loss of the approximately HK$81,402,000 during the year ended 31 March 2013.

During the period ended 31 December 2013, the consideration amounting to US$10,000,000 (equivalent to approximately HK$78,000,000) was received. Pursuant to the supplemental agreement, the remaining balance will be settled on or before 30 June 2014. Subsequent to the end of the reporting period, the consideration of US$5,000,000 (equivalent to approximately HK$39,000,000) were received.

18. INTERESTS IN ASSOCIATES *(continued)*

As at 31 December 2013 and 31 March 2013, the Group had interests in the following associates:

Name of entity	Form of business structure	Country of establishment	Paid up registered capital 31/12/2013	Paid up registered capital 31/3/2013	Equity interest attributable to the Group 31/12/2013 %	Equity interest attributable to the Group 31/3/2013 %	Principal activity
中化天津港石化倉儲有限公司 (Sinochem Tianjin Port Petrochemical Terminal Co., Ltd.) ("Sinochem Port")	Sino-foreign owned enterprise	PRC	**RMB628,060,000**	RMB628,060,000	**15 (note)**	15 (note)	Provision of petrochemicals storage services
天津港中化石化碼頭有限公司 (Tianjin Port Sinochem Petrochemical Dock Co., Ltd.) ("Tianjin Port")	Sino-foreign owned enterprise	PRC	**RMB139,388,000**	RMB139,388,000	**15 (note)**	15 (note)	Development and operation of dock and related ancillary facilities
Srithai Capital Co., Ltd.	Ordinary	Thailand	**Thailand Baht100,000,000**	–	**49**	–	Vessel holding and leasing
Asia Sixth	Ordinary	BVI	**US$167**	US$167	**40**	40	Investment holding
Subsidiary of Asia Sixth							
Groenzee BV	Ordinary	Netherlands	**EUR18,000**	EUR18,000	**40**	40	Investment holding
Joint venture of Asia Sixth							
Aral	Partnership	The Republic of Kazakhstan	**Kazakhstani Tenge 140,000**	Kazakhstani Tenge 140,000	**24**	24	Exploration of crude oil

Note: The Group is able to exercise significant influence over Sinochem Port and Tianjin Port because it has the power to appoint one out of the five directors of these entities under the provisions stated in the articles of association of these entities.

The directors of the Company performed an impairment assessment of the carrying amount of the interests in Sinochem Port at 31 December 2013 and 31 March 2013 by discounted cash flows analysis generated by Sinochem Port and considered that no impairment is required.

Summarised financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

All of these associates are accounted for using the equity method in these consolidated financial statements.

Sinochem Port

	31/12/2013 HK$'000	31/3/2013 HK$'000
Current assets	**39,504**	235,467
Non-current assets	**1,652,557**	1,641,599
Current liabilities	**(36,425)**	(189,991)
Non-current liabilities	**(894,084)**	(933,194)

18. INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information of material associates *(continued)*

Sinochem Port *(continued)*

	1/4/2013 to 31/12/2013 HK$'000	1/4/2012 to 31/3/2013 HK$'000
Revenue	**149,995**	151,746
Loss and total comprehensive expense for the period/year	**(12,643)**	(921)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	31/12/2013 HK$'000	31/3/2013 HK$'000
Net assets of Sinochem Port	**761,552**	753,881
Proportion of the Group's ownership interest in Sinochem Port	**15%**	15%
Carrying amount of the Group's interest in Sinochem Port	**114,233**	113,082

Aggregate information of associates that are not individually material and share of loss on Asia Sixth

	1/4/2013 to 31/12/2013 HK$'000	1/4/2012 to 31/3/2013 HK$'000
The Group's share of losses (note)	**(5,475)**	(107,100)
Aggregate carrying amount of the Group's interests in these associates	**22,377**	15,861

Note: The share of losses for the year ended 31 March 2013 included the share of loss on Asia Sixth before it was classified as assets held for sale.

The exchange difference arising from translation of financial information of associates of HK$2,943,000 (1/4/2012 to 31/3/2013: HK$467,000) for the period ended 31 December 2013 is recognised in other comprehensive income and accumulated in translation reserve.

19. INVENTORIES

These mainly relate to crude oil and petrochemicals held for resale purposes.

Included in the balance are inventories of HK$1,364,494,000 (31/3/2013: HK$735,067,000) which have been pledged as security for bank loans.

20. TRADE AND BILLS RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS

Trade and bills receivables

The following is an aged analysis of trade and bills receivables presented based on the invoice date at the end of the reporting period which approximated the revenue recognition dates:

	31/12/2013	31/3/2013
	HK$'000	HK$'000
0 to 30 days	**3,163,225**	183,215
61 to 90 days	**34,389**	–
	3,197,614	183,215

The credit period on sale of goods is 30 to 90 days. The Group does not hold any collateral over these balances. All trade receivables are neither past due nor impaired as at the end of the reporting period. The directors of the Company consider these trade receivables are of good credit quality as the debtors have no history of defaults and all of these balances had been subsequently settled.

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

At 31 March 2013, included in the Group's bills receivables were receivable amounting to HK$40,068,000 which have been discounted to an unrelated bank and pledged as security for certain borrowings. After the discounting, the Group was still responsible for the non-repayment by the customer. Accordingly, the Group continued to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as secured borrowings. The carrying amounts of the associated liability of the Group was approximately HK$40,068,000.

Other receivables, deposits and prepayments

At the end of the reporting period, included in other receivables, deposits and prepayments were amount of HK$60,159,000 and HK$ 20,947,000 representing primarily the prepayment to suppliers for purchase of petroleum products and petrochemicals and advance to contractors for construction works, and value added tax receivables (31/3/2013: HK$62,862,000 and nil) respectively. The balances are expected to be realised within one year from the end of the reporting period.

21. TRANSFERS OF FINANCIAL ASSETS

The following was the Group's bills receivables as at 31 March 2013 that were transferred to banks by discounting those bills receivable on a full recourse basis. If the bills receivable are not paid on maturity, the banks have the right to request the Group to pay the unsettled balance. As the Group was still subject to the credit risk and has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (see note 25). These receivables are carried at amortised cost in the Group's consolidated statement of financial position.

	31/12/2013	31/3/2013
	HK$'000	HK$'000
Carrying amount of bills receivables	–	40,068
Carrying amount of associated liabilities	–	(40,068)

22. DEPOSITS PLACED WITH BROKERS

The amount represents margin deposits placed with brokers for trading derivatives. The amount carried interest at variable interest rates which ranged from 0.0001% to 0.001% (31/3/2013: 0.0001% to 0.001%) per annum for the period/year.

23. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

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

Bank balances and cash comprised cash on hand, balances in saving and current accounts, and short-term bank deposits with an original maturity of three months or less. As at 31 December 2013, the bank balances and cash of approximately HK$55,001,000 (31/3/2013: HK$60,015,000) were denominated in RMB which is not freely convertible into other currencies.

Pledged bank deposits, balances in saving account and short-term bank deposits carried effective interest at prevailing market rates which range from 0.01% to 2.485% (31/3/2013: 0.01% to 1.50%) per annum for the period/year.

24. TRADE AND BILLS PAYABLES AND OTHER CURRENT LIABILITIES

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

The aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period is stated as follows:

	31/12/2013	31/3/2013
	HK$'000	HK$'000
0 to 30 days	**2,501,257**	139,897
31 to 60 days	–	241,410
	2,501,257	381,307

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

24. TRADE AND BILLS PAYABLES AND OTHER CURRENT LIABILITIES *(continued)*

As at 31 March 2013, included in other payables and accruals are the director fees of HK$105,000 (31/12/2013: nil) payable to all three independent non-executive directors. The balances are unsecured, non-interest bearing and repaid during the year ended 31 March 2013.

At the end of the reporting period, included in other payables and accruals was amount of HK$45,367,000 and HK$76,686,000 (31/3/2013: HK$7,366,000 and nil) represented payables for construction work to subcontractors and trading commissions payable respectively.

25. BANK BORROWINGS

	31/12/2013	31/3/2013
	HK$'000	HK$'000
Loans from discounted bills	**–**	40,068
Bank loans	**1,732,257**	511,192
Secured bank borrowings	**1,732,257**	551,260
Carrying amount repayable:		
Within one year	**1,684,621**	536,820
More than one year, but not exceeding two years	**33,069**	9,287
More than two years, but not exceeding five years	**14,567**	5,153
	1,732,257	551,260
Less: Amounts due within one year shown under current liabilities	**(1,684,621)**	(536,820)
Amounts shown under non-current liabilities	**47,636**	14,440

The loans carried interest at variable market rates of ranged from 1.75% to 7.04% (31/3/2013: 0.70% to 6.88%) per annum. The bank borrowings are secured by the prepaid lease payments, certain storage tanks, plant and machinery, construction in progress, inventories, bills receivables and bank deposits. Details of which were set out in notes 14, 15, 19, 20 and 23 respectively.

26. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has the following outstanding futures and swaps contracts in order to manage the Group's price risk exposure in relation to the fluctuation of oil price.

The major terms of these contracts are as follows:

At 31 December 2013

Notional amount	Expiry date	Strike price
Crude oil futures contracts — long position:		
US$132,272,870	**17 January 2014 to 19 February 2014**	**US$99.04 to US$110.47 per barrel**
Crude oil futures contracts — short position:		
US$132,233,890	**17 January 2014 to 19 February 2014**	**US$99.04 to US$111.19 per barrel**
Fuel oil crack futures contracts — long position:		
US$947,414,740	**16 January 2014 to 13 February 2014**	**US$105.75 to US$111.72 per barrel**
Fuel oil crack futures contracts — short position:		
US$895,676,370	**16 January 2014 to 13 February 2014**	**US$105.75 to US$112.90 per barrel**
Dubai swap contracts — long position:		
US$1,677,463,410	**31 January 2014 to 30 April 2014**	**US$101.00 to US$108.12 per barrel**
Dubai swap contracts — short position:		
US$1,735,101,580	**31 January 2014 to 30 April 2014**	**US$100.11 to US$108.48 per barrel**
Kerol Gasoil spread futures contracts — long position:		
US$124,732,000	**31 January 2014 to 31 March 2014**	**US$120.30 to US$127.35 per barrel**
Kerol Gasoil spread futures contracts — short position:		
US$124,886,500	**31 January 2014 to 31 March 2014**	**US$120.45 to US$127.70 per barrel**
Brent swap contracts — long position:		
US$6,997,760	**30 April 2014**	**US$109.32 to US$109.36 per barrel**

26. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

At 31 December 2013

Notional amount	Expiry date	Strike price
Brent swap contracts — short position:		
US$6,991,360	**31 December 2013**	**US$108.22 to US$110.26 per barrel**
Fuel oil crack swap contracts — long position:		
US$913,600	**31 January 2014**	**US$13.95 to US$14.60 per barrel**
Fuel oil swap contracts — long position:		
US$32,927,650	**31 January 2014**	**US$589.28 to US$609.00 per metric ton**
Fuel oil swap contracts — short position:		
US$24,038,500	**31 January 2014**	**US$596.00 to US$609.10 per metric ton**
RBOB Gas futures contracts — long position:		
US$222,045,000	**29 May 2014**	**US$119.35 to US$128.50 per gallon**
RBOB Gas futures contracts — short position:		
US$222,342,500	**29 May 2014**	**US$119.50 to US$128.70 per gallon**

26. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

At 31 March 2013

Notional amount	Expiry date	Strike price
Crude oil futures contracts — long position:		
US$80,097,320	15 April 2013 to 13 September 2013	US$94.09 to US$109.26 per barrel
Crude oil futures contracts — short position:		
US$165,166,450	15 April 2013 to 13 June 2013	US$93.18 to US$110.02 per barrel
Fuel oil crack swap contracts — long position:		
US$2,642,880	1 April 2013	US$8.92 to US$10.88 per barrel
Naphtha crack swap contracts — long position:		
US$1,352,000	30 April 2013	US$13.80 to US$14.35 per metric ton
Fuel oil swap contracts — long position:		
US$68,447,250	1 April 2013 to 30 April 2013	US$625.00 to US$663.00 per metric ton
Fuel oil swap contracts — short position:		
US$36,188,750	1 April 2013 to 31 May 2013	US$647.50 to US$663.95 per metric ton
RBOB Gas futures contracts — long position:		
US$647,543	31 May 2013	US$307.25 to US$310.03 per gallon
RBOB Gas futures contracts — short position:		
US$652,961	31 May 2013	US$310.35 to US$311.81 per gallon

The fair values of the derivative financial instruments are estimated based on the difference between the contracted strike prices and prevailing futures prices or published oil indexes as at the end of the reporting period. Such prevailing futures prices or published oil indexes are derived from the relevant futures exchanges or oil prices publication as specified in the contracts.

Fair value changes on derivative financial instruments for the period/year recognised in the consolidated statement of profit or loss and other comprehensive income mainly represent the fair value changes on all settled and unsettled trading futures and swap in relation to crude oil, refined oil products and gas.

27. DEFERRED TAX ASSET

	Tax loss
	HK$'000
At 1 April 2012	4,358
Credit to profit or loss	(4,358)
At 31 March 2013 and 31 December 2013	–

At the end of the reporting period, the Group has estimated tax losses of approximately HK$127,122,000 (31/3/2013: HK$136,904,000) available for offset against future profits. No deferred tax asset had been recognised in respect of HK$127,122,000 (31/3/2013: HK$136,904,000) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

The deferred tax asset of HK$4,358,000 was reversed to profit and loss during the year ended 31 March 2013 as the management assessed that taxable profit may not be available to utilise such tax loss.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January, 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$1,291,000 (31/3/2013: HK$1,176,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

28. SHARE CAPITAL

	Note	Number of shares	Share capital
			HK$'000
Ordinary shares of HK$0.025 each			
Authorised:			
At 1 April 2012, 31 March 2013 and 31 December 2013		**4,000,000,000**	**100,000**
Issued:			
At 1 April 2012		1,614,386,000	40,360
Shares repurchased and cancelled	(b)	(2,368,000)	(60)
At 31 March 2013		**1,612,018,000**	**40,300**
Shares repurchased and cancelled	(a)	**(870,000)**	**(21)**
Exercise of share options		**5,800,000**	**145**
At 31 December 2013		**1,616,948,000**	**40,424**

28. SHARE CAPITAL *(continued)*

Note:

(a) During the period ended 31 December 2013, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of HK$0.025 each	Price per share		Aggregate consideration paid
		Highest	Lowest	
	'000	HK$	HK$	HK$'000
August 2013	**196**	**0.90**	**0.86**	**174**
September 2013	**674**	**0.93**	**0.87**	**599**
	870			**773**

(b) During the year ended 31 March 2013, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of HK$0.025 each	Price per share		Aggregate consideration paid
		Highest	Lowest	
	'000	HK$	HK$	HK$'000
July 2012	4	0.52	0.52	2
September 2012	538	0.87	0.68	443
October 2012	660	0.87	0.83	563
November 2012	50	0.82	0.82	41
December 2012	760	0.85	0.81	641
January 2013	192	0.85	0.82	159
February 2013	32	0.83	0.82	26
March 2013	132	0.83	0.80	107
	2,368			1,982

The above shares were cancelled upon repurchase. None of the Company's subsidiaries repurchased, sold or redeemed any of the Company's listed shares during the period ended 31 December 2013 and year ended 31 March 2013.

All the shares which were issued during the period ended 31 December 2013 rank pari passu in all respects with other shares in issue.

29. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 27 March 2013, Excellent Harvest entered into a sale and purchase agreement with the controlling shareholder of Asia Sixth pursuant to which Excellent Harvest has conditionally agreed to dispose of approximately 33.12% equity interest in Asia Sixth and assign the loan interest with principal amount of US$24,100,000 (equivalent to approximately HK$187,979,000) to the controlling shareholder at a consideration of US$55 (equivalent to approximately HK$400) and US$24,100,000 (equivalent to approximately HK$187,979,000) respectively. Pursuant to the sale and purchase agreement, completion shall take place within five business days after satisfaction of the conditions, which in any event shall not be later than 27 December 2013. As the directors of the Company expects the completion of the disposal is highly probable and will take place within one year, the interest in Asia Sixth and loan to Asia Sixth are therefore classified as assets held for sale. During the period ended 31 December 2013, the consideration amounting to US$10,000,000 (equivalent to approximately HK$78,000,000) was received. Details are set out in note 18.

The carrying amount of interest in an associate and loan to an associate, which have been presented separately in the consolidated statement of financial position, are as follow:

	31/12/2013 **HK$'000**	31/3/2013 HK$'000
Interest in an associate	**–**	–
Loan to an associate	**187,979**	175,292
Total assets classified as held for sale	**187,979**	175,292
Deposits received and included in liabilities associated with assets classified as held for sale	**78,000**	–

On 24 December 2013, at the request of controlling shareholder of Asia Sixth, amendments are made to the sale and purchase agreement pursuant to which Excellent Harvest agreed to extend the long stop date for the completion to 15 September 2014.

30. CAPITAL COMMITMENTS

As at 31 December 2013, the Group had contracted for capital expenditure of approximately RMB77,603,000 (equivalent to approximately HK$98,703,000) (31/3/2013: RMB61,171,000 (equivalent to approximately HK$75,748,000)) and authorised but not contracted for capital expenditure of approximately RMB345,367,000 (equivalent to approximately HK$439,270,000) (31/3/2013: RMB71,847,000 (equivalent to approximately HK$88,967,000)) respectively in respect of the construction of the petroleum products and petrochemicals storage facilities on two leasehold land parcels in Nantong City, Jiangsu Province, the PRC, and construction of facilities and equipment for manufacture and processing of petrochemicals in Yangpu Economic Development Zone, Hainan Province, the PRC.

31. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had outstanding commitments under non-cancellable operating leases in respect of storage facilities, a vessel and rented premises (31/3/2013: storage facilities, a vessel and rented premises) which fall due as follows:

	31/12/2013	31/3/2013
	HK$'000	HK$'000
Within one year	**6,152**	57,906
In the second to fifth year inclusive	**438**	–
	6,590	57,906

Leases are negotiated and rentals are fixed for an average of two years (31/3/2013: one year).

The Group as lessor

Rental income earned from property, plant and equipment and unutilised storage area of the vessel during the period was approximately HK$5,587,000 (31/3/2013: HK$6,290,000) and there was no commitment outstanding as at 31 December 2013 and 31 March 2013.

32. RETIREMENT BENEFIT SCHEMES

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

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

The Group's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in central pension schemes operated by the relevant local government authorities. The contribution is borne by the Group on a fixed percentage of the employees' salaries.

The Group's subsidiary in Singapore, in compliance with the applicable regulations of Singapore, participated in a defined contribution scheme operated by the local government. The subsidiary is required to contribute an amount based on the employees' salaries.

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

The Group has no significant obligation apart from the contribution as above at the end of the reporting period.

33. RELATED PARTY TRANSACTIONS

During the period, the Group paid the rental expenses of approximately HK$898,000 (1/4/2012 to 31/3/2013: HK$998,000) to Strong Property Limited for the use of office premises. Strong Property Limited are owned and jointly controlled by two key management personnel of the Group.

Compensation of key management personnel

The remuneration of directors and the other members of key management of the Group during the period were set out in note 11.

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

34. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme

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

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

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

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

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

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

On 7 May 2009, a total of 40,000,000 (160,000,000 share options after share subdivision) share options were granted to certain employees and directors of the Group and some individuals associated with suppliers and consultants under the Share Option Scheme entitling the holders thereof to subscribe for shares of the Company at an exercise price of HK$2.58 (HK$0.645 after share subdivision).

No share option was granted during the period ended 31 December 2013 and year ended 31 March 2013. Options granted on 7 May 2009 are exercisable during the period starting from 8 May 2009 to 28 November 2018. The options granted under the Share Option Scheme has vesting period in three tranches of 40%, 30% and 30% of its options granted from the grant date to 8 May 2009, 8 May 2010 and 8th May 2011 respectively.

34. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Equity-settled share option scheme *(continued)*

The following table discloses movements of the Company's share options held by employees, directors of the Group and other eligible participants during the year/period:

Eligible participants	Outstanding at 1/4/2012	Reclassification during the year (note 2)	Outstanding at 31/3/2013	**Exercised during the period**	**Lapsed during the period**	**Outstanding at 31/12/2013**
Director	360,000	–	360,000	**–**	**–**	**360,000**
Employees	9,240,000	3,160,000	12,400,000	**(5,400,000)**	**–**	**7,000,000**
Others (note 1)	133,710,000	(3,160,000)	130,550,000	**(400,000)**	**(4,020,000)**	**126,130,000**
	143,310,000	–	143,310,000	**(5,800,000)**	**(4,020,000)**	**133,490,000**

All the share options as at 31 December 2013 and 31 March 2013 were exercisable.

Notes:

(1) Others represent individuals associated with suppliers and consultants who have provided consultancy services (mainly for selling and marketing aspects) to the Group on continuous basis for two years till 8 May 2011 or some resigned staff/directors, whose options, at discretion of the Board were not cancelled or forfeited.

(2) During the year ended 31 March 2013, some individuals who previously received the options joined the Group as employee.

The number and the exercise price of options have been adjusted due to the share subdivision of the Company with effect from 18 August 2009. Each share option was subdivided into 4 new share options with exercise price of one-fourth of the original exercise price.

In respect of the share options exercised during the period ended 31 December 2013, the weighted average share price at the dates of exercise was HK$0.97.

35. PLEDGE OF ASSETS

The Group had pledged the prepaid lease payments, certain storage tanks, plant and machinery, construction in progress, inventories, bills receivables and bank deposits to secure certain banking facilities including bank borrowings and bills payable. Details of which were set out in notes 14, 15, 19, 20 and 23 respectively.

36. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

Name of the Company	Place of incorporation/ establishment	Principal place of operation	Equity interest attributable to the Group 31/12/2013 %	Equity interest attributable to the Group 31/3/2013 %	Issued and fully paid share capital/ registered capital	Principal activities
Wide Sea International Limited ("Wide Sea")	British Virgin Islands ("BVI")	Hong Kong	**100**	100	US$2	Investment holding
Strong Petrochemical Limited	Hong Kong	Hong Kong	**100**	100	HK$20,000,000	Trading of petroleum products, crude oil and petrochemicals
Strong Petrochemical (Macao)	Macao	Macao	**100**	100	MOP100,000	Trading of petroleum products, crude oil and petrochemicals
Teamskill Investments Limited ("Teamskill")	BVI	Hong Kong	**51**	51	US$200	Investment holding
南通潤德石油化工有限公司# Strong Petrochemical (Nantong) Logistics Company Ltd.* ("Strong Nantong")	PRC	PRC	**51**	51	US$12,500,000	Provision of petroleum products and petrochemicals storage services
Strong Petroleum Singapore Private Ltd.	Singapore	Singapore	**100**	100	SG$1,000,000	Trading of petroleum products
海南滙智石化精細化工有限公司## Hainan Huizhi Petrochemical Fine Chemical Industry Limited Company* ("Hainan Huizhi")	PRC	PRC	**57**	57	RMB50,000,000	Manufacture and processing of petrochemicals
南通海峽國際貿易有限公司# Nantong Strong International Trading Company Limited*	PRC	PRC	**100**	100	US$5,000,000 (31/3/2013: US$2,000,000)	Trading of petroleum products and petrochemicals

The above table lists the principal subsidiaries of the Company which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiary would, in the opinion of the directors, result in particulars of excessive length.

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

* The English name of these entities established in the PRC is for identification purpose only.

\# Wholly foreign owned enterprise registered in the PRC.

\## Taiwan-Hong Kong-Macao entities and domestic entities jointly owned limited liability company registered in the PRC (台港澳與境內合資有限責任公司.)

36. PRINCIPAL SUBSIDIARIES *(continued)*

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

The PRC subsidiaries maintained RMB denominated bank balances, the remittance of these funds out of the PRC is subject to exchange restriction imposed by the PRC government.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are either investment holding or inactive.

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		31/12/2013	31/3/2013	**1/4/2013 to 31/12/2013 HK$'000**	1/4/2012 to 31/3/2013 HK$'000	**31/12/2013 HK$'000**	31/3/2013 HK$'000
Teamskill and its wholly owned subsidiary, Strong Nantong ("Teamskill group")	PRC	**49%**	49%	**1,272**	(958)	**48,674**	46,132
Hainan Huizhi	PRC	**43%**	43%	**(493)**	(256)	**25,327**	25,149
						74,001	71,281

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Teamskill group

	31/12/2013 HK$'000	31/3/2013 HK$'000
Current assets	**3,450**	3,095
Non-current assets	**126,288**	117,016
Current liabilities	**(14,567)**	(11,522)
Non-current liabilities	**(15,837)**	(14,440)
Equity attributable to owners of the Company	**50,660**	48,017
Non-controlling interests	**48,674**	46,132

36. PRINCIPAL SUBSIDIARIES *(continued)*

Teamskill group *(continued)*

	1/4/2013 to 31/12/2013 HK$'000	1/4/2012 to 31/3/2013 HK$'000
Revenue	**5,585**	1,920
Expenses	**2,990**	3,874
Profit (loss) for the period/year	**2,595**	(1,954)
Profit (loss) attributable to owners of the Company	**1,323**	(996)
Profit (loss) attributable to the non-controlling interests	**1,272**	(958)
Profit (loss) for the period/year	**2,595**	(1,954)
Other comprehensive income attributable to owners of the Company	**1,320**	175
Other comprehensive income attributable to the non-controlling interests	**1,270**	168
Other comprehensive income for the period/year	**2,590**	343
Total comprehensive income (expense) attributable to owners of the Company	**2,643**	(821)
Total comprehensive income (expense) attributable to the non-controlling interests	**2,542**	(790)
Total comprehensive income (expense) for the period/year	**5,185**	(1,611)
Net cash inflow (outflow) from operating activities	**7,040**	(997)
Net cash outflow from investing activities	**(10,791)**	(29,694)
Net cash inflow from financing activities	**6,101**	17,225
Net cash Inflow (outflow)	**2,350**	(13,466)

36. PRINCIPAL SUBSIDIARIES *(continued)*

Hainan Huizhi

	31/12/2013 HK$'000	31/3/2013 HK$'000
Current assets	**73,146**	81,775
Non-current assets	**228,053**	19,313
Current liabilities	**(78,927)**	(4,912)
Non-current liabilities	**(163,372)**	(37,692)
Equity attributable to owners of the Company	**33,573**	33,335
Non-controlling interests	**25,327**	25,149

	1/4/2013 to 31/12/2013 HK$'000	1/4/2012 to 31/3/2013 HK$'000
Revenue	**166,847**	119,679
Expenses	**167,993**	120,274
Loss for the period/year	**(1,146)**	(595)
Loss attributable to owners of the Company	**(653)**	(339)
Loss attributable to the non-controlling interests	**(493)**	(256)
Loss for the period/year	**(1,146)**	(595)
Other comprehensive income (expense) attributable to owners of the Company	**890**	(109)
Other comprehensive income (expense) attributable to the non-controlling interests	**671**	(82)
Other comprehensive income (expense) for the period/year	**1,561**	(191)

36. PRINCIPAL SUBSIDIARIES *(continued)*

Hainan Huizhi *(continued)*

	1/4/2013 to 31/12/2013 HK$'000	1/4/2012 to 31/3/2013 HK$'000
Total comprehensive income (expense) attributable to owners of the Company	**237**	(448)
Total comprehensive income (expense) attributable to the non-controlling interests	**178**	(338)
Total comprehensive income (expense) for the period/year	**415**	(786)
Net cash inflow (outflow) from operating activities	**24,676**	(21,626)
Net cash outflow from investing activities	**(209,471)**	(19,289)
Net cash inflow from financing activities	**148,270**	80,410
Net cash (outflow) inflow	**(36,525)**	39,495

Financial Information of the Company

THE FINANCIAL POSITION OF THE COMPANY

	31/12/2013 HK$'000	31/3/2013 HK$'000
ASSETS AND LIABILITIES		
Non-current asset		
Interests in subsidiaries	**165,893**	165,893
Current assets		
Prepayments and deposits	**526**	1,269
Amounts due from subsidiaries	**769,013**	727,822
Deposits placed with brokers	**761**	1,507
Bank balances and cash	**68,527**	84,321
	838,827	814,919
Current liabilities		
Other payables and accruals	**2,397**	1,224
Amounts due to subsidiaries	**197,995**	106,256
	200,392	107,480
Net current assets	**638,435**	707,439
Net assets	**804,328**	873,332
EQUITY		
Share capital	**40,424**	40,300
Other reserves	**763,904**	833,032
Total	**804,328**	873,332

THE MOVEMENTS OF THE COMPANY'S RESERVES

	Share premium HK$'000	**Share options reserve** HK$'000	**Contribution Surplus** HK$'000	**Retained profits** HK$'000	**Total** HK$'000
At 1 April 2012	209,270	42,099	118,111	472,553	842,033
Loss for the year	–	–	–	(7,079)	(7,079)
Shares repurchased and cancelled	(1,922)	–	–	–	(1,922)
	(1,922)	–	–	(7,079)	(9,001)
At 31 March 2013	**207,348**	**42,099**	**118,111**	**465,474**	**833,032**
Loss for the period	**–**	**–**	**–**	**(7,394)**	**(7,394)**
Shares repurchased and cancelled	**(752)**	**–**	**–**	**–**	**(752)**
Issue of shares on exercise of share options	**5,274**	**(1,679)**	**–**	**–**	**3,595**
Dividend recognised as distribution	**–**	**–**	**–**	**(64,577)**	**(64,577)**
At 31 December 2013	**211,870**	**40,420**	**118,111**	**393,503**	**763,904**