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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The board of directors (the "Board") of Strong Petrochemical Holdings Limited (the "Company") announces herewith the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014, together with the comparative audited figures for the period ended 31 December 2013 as follows:

* *For identification purposes only*

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	NOTES	**1.1.2014 to 31.12.2014 HK$'000**	1.4.2013 to 31.12.2013 HK$'000
Revenue	3	**8,181,009**	20,875,730
Cost of sales		**(8,072,691)**	(20,206,338)
Gross profit		**108,318**	669,392
Other income	4(a)	**61,848**	22,647
Other gains and losses	4(b)	**(44,950)**	3,619
Fair value changes on derivative financial instruments		**(180,046)**	50,598
Distribution and selling expenses		**(166,752)**	(268,289)
Administrative expenses		**(111,098)**	(67,877)
Other expenses		**(1,177)**	(596)
Finance costs	5	**(26,147)**	(24,282)
Share of losses of associates		**(663)**	(7,371)
(Loss) profit before taxation		**(360,667)**	377,841
Taxation charge	6	**(10,862)**	(4,543)
(Loss) profit for the year/period	7	**(371,529)**	373,298
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation		**(1,451)**	8,928
Fair value change of available-for-sale financial assets		**(49,957)**	–
Impairment loss on available-for-sale financial assets		**49,957**	–
Total comprehensive (expense) income for the year/period		**(372,980)**	382,226
(Loss) profit for the year/period attributable to:			
Owners of the Company		**(354,715)**	372,519
Non-controlling interests		**(16,814)**	779
		(371,529)	373,298
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(355,597)**	379,506
Non-controlling interests		**(17,383)**	2,720
		(372,980)	382,226
(Loss) earnings per share	9		
— basic (HK$)		**(0.21)**	0.23
— diluted (HK$)		**(0.21)**	0.22

Consolidated Statement of Financial Position

At 31 December 2014

	NOTES	**2014** **HK$'000**	2013 HK$'000
Non-current assets			
Property, plant and equipment		**362,295**	297,634
Prepaid lease payments		**53,219**	54,581
Available-for-sale financial assets		**27,543**	–
Other assets		**49,520**	32,220
Interests in associates		**130,888**	136,610
		623,465	521,045
Current assets			
Inventories		**1,830,694**	1,365,401
Prepaid lease payments		**1,180**	1,186
Trade and bills receivables	10	**1,020,250**	3,197,614
Other receivables, deposits and prepayments		**108,391**	102,024
Tax recoverable		**21**	93
Derivative financial instruments		**444,972**	378,525
Other investment		**312**	1,491
Deposits placed with brokers		**29,339**	194,295
Pledged bank deposits		**33,189**	65,290
Bank balances and cash		**267,168**	345,326
		3,735,516	5,651,245
Assets classified as held for sale		**–**	187,979
		3,735,516	5,839,224
Current liabilities			
Trade and bills payables	11	**949,472**	2,501,257
Other payables and accruals		**88,832**	191,796
Receipt in advance		**37,732**	14,580
Bank borrowings		**1,643,856**	1,684,621
Derivative financial instruments		**434,220**	387,021
Tax payable		**10,777**	4,482
		3,164,889	4,783,757
Liabilities associated with assets classified as held for sale		**–**	78,000
		3,164,889	4,861,757
Net current assets		**570,627**	977,467
Total assets less current liabilities		**1,194,092**	1,498,512

Consolidated Statement of Financial Position

At 31 December 2014

	NOTES	**2014**	2013
		HK$'000	HK$'000
Equity			
Share capital		**44,200**	40,424
Reserves		**1,035,482**	1,336,451
Equity attributable to owners of the Company		**1,079,682**	1,376,875
Non-controlling interests		**24,469**	74,001
Total equity		**1,104,151**	1,450,876
Non-current liability			
Bank borrowings		**89,941**	47,636
		1,194,092	1,498,512

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	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$'000	Investment revaluation reserve HK$'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 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 8)	–	–	–	–	–	–	–	–	(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
Exchange differences arising on translation	–	–	–	–	–	–	(882)	–	–	(882)	(569)	(1,451)
Fair value change of available-for-sale financial assets	–	–	–	–	–	(49,957)	–	–	–	(49,957)	–	(49,957)
Impairment loss on available-for-sale financial assets	–	–	–	–	–	49,957	–	–	–	49,957	–	49,957
Loss for the year	–	–	–	–	–	–	–	–	(354,715)	(354,715)	(16,814)	(371,529)
Total comprehensive expense for the year	–	–	–	–	–	–	(882)	–	(354,715)	(355,597)	(17,383)	(372,980)
Shares repurchased and cancelled	(248)	(9,047)	–	–	–	–	–	–	–	(9,295)	–	(9,295)
Issue of shares on exercise of share options	2,580	94,217	–	–	(30,228)	–	–	–	–	66,569	–	66,569
Shares issued as consideration for acquisition of additional interests of a subsidiary	1,444	42,480	–	–	–	–	–	1,762	–	45,686	(45,686)	–
Contribution from non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	–	13,537	13,537
Equity-settled share-based payments	–	–	–	–	41,372	–	–	–	–	41,372	–	41,372
Dividend recognised as distribution (note 8)	–	–	–	–	–	–	–	–	(85,928)	(85,928)	–	(85,928)
At 31 December 2014	44,200	339,520	(1,922)	49	51,564	–	24,020	12,295	609,956	1,079,682	24,469	1,104,151

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. Other reserve recognised during the year ended 31 December 2014 represents the difference between the fair value of ordinary shares issued by the Company and the carrying amount of the additional interests in a subsidiary acquired by the Group during the year.

NOTES:

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, and manufacturing and processing of petrochemicals.

In prior financial period, the reporting period end date of the Group was changed from 31 March to 31 December because the directors of the Company determined to bring the annual reporting period 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 prior period cover nine months from 1 April 2013 to 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 nine-month period from 1 April 2013 to 31 December 2013 and therefore may not be comparable with amounts shown for the current year which cover a twelve-month period from 1 January 2014 to 31 December 2014.

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 interpretation and amendments to HKFRSs (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (as revised in 2011)	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC)-Int 21	Levies

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

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

HKFRS 9 (as revised in 2014)	Financial instruments[5]
HKFRS 15	Revenue from contracts with customers[4]
Amendments to HKAS 1	Disclosure initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[3]
Amendments to HKAS 19 (as revised in 2011)	Defined benefit plans: Employee contributions[1]
Amendments to HKAS 27	Equity method in separate financial statements[3]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[3]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle[3]

1 Effective for annual periods beginning on or after 1 July 2014.

2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

3 Effective for annual periods beginning on or after 1 January 2016.

4 Effective for annual periods beginning on or after 1 January 2017.

5 Effective for annual periods beginning on or after 1 January 2018.

HKFRS 9 (as revised in 2014) Financial instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for the general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other 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 2014, the directors of the Company anticipate that the application of HKFRS 9 in the future will affect the classification and measurement of the Group's available-for-sale financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from contracts with customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future will not have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements.

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

3. 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

Information reported to the chief executive officer of the Company, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance focuses on types of goods being sold contributing to the Group's revenue.

Started from the current year, the Group is engaged in manufacturing of petrochemicals which represents a new segment to the Group. Accordingly, the Group currently organises into the following major operating segments, each of which represents an operating and reportable segment of the Group:

Trading of crude oil, petroleum products and petrochemicals ("Trading business") – this segment derives its revenue from selling of crude oil, petroleum products and petrochemicals to various customers

Manufacturing of petrochemicals ("Petrochemicals manufacture business") – this segment derives its revenue from selling of petrochemicals which are manufactured by the Group

During the year ended 31 December 2014, analysis of the Group's assets and liabilities by the respective operating segments is regularly provided to the CODM for review whereas it was not available in prior year. Accordingly, the prior year figures have been presented based on the current year's measurement.

Revenue from major products

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

	1.1.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.12.2013 HK$'000
Trading business:		
Crude oil	**3,816,859**	8,259,707
Petroleum products	**3,007,090**	11,953,817
Petrochemicals	**840,003**	662,206
	7,663,952	20,875,730
Petrochemicals manufacture business:		
Petrochemicals	**517,057**	–
	8,181,009	20,875,730

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

Year ended 31 December 2014

	Trading business HK$'000	Petrochemicals manufacture business HK$'000	Eliminations HK$'000	Consolidated HK$'000
Revenue				
External sales	**7,663,952**	**517,057**	**–**	**8,181,009**
Inter-segment sales (note)	**11,912**	**180,018**	**(191,930)**	**–**
Segment revenue	**7,675,864**	**697,075**	**(191,930)**	**8,181,009**
Results				
Segment results	**(297,811)**	**(13,805)**	**–**	**(311,616)**
Other income				**22,644**
Other gains and losses				**(37,483)**
Central administration costs				**(31,596)**
Share of losses of associates				**(663)**
Finance costs				**(1,953)**
Loss before taxation				**(360,667)**

Note: Inter-segment sales are charged at agreed terms set out in the sales contracts entered into between group companies.

Period ended 31 December 2013

	Trading business HK$'000	Petrochemicals manufacture business HK$'000	Eliminations HK$'000	Consolidated HK$'000
Revenue				
External sales	20,875,730	–	–	20,875,730
Inter-segment sales	–	–	–	–
Segment revenue	20,875,730	–	–	20,875,730
Results				
Segment results	383,721	–	–	383,721
Other income				18,373
Other gains and losses				1,287
Central administration costs				(16,892)
Share of losses of associates				(7,371)
Finance costs				(1,277)
Profit before taxation				377,841

Segment results represent the results of each segment without allocation of corporate items, including certain other income, certain other gains and losses, central administration costs, share of losses of associates and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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 as mentioned below.

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 geographic location of assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	1.1.2014 to 31.12.2014	1.4.2013 to 31.12.2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**–**	–	**2,012**	2,561
Macao	**–**	–	**1,107**	995
PRC	**7,820,891**	18,419,439	**522,754**	474,626
Malaysia*	**252,559**	1,455,442	**–**	–
Thailand	**–**	–	**18,920**	11,124
Korea	**107,559**	182,239	**–**	–
Italy	**–**	818,610	**–**	–
Singapore	**–**	–	**2,668**	578
	8,181,009	20,875,730	**547,461**	489,884

* Based on the terms of the contracts, certain trade transactions during the period ended 31 December 2013 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 2014 and 2013 excluded cash advance to a controlling shareholder of an associate and available-for-sale financial assets.

4. OTHER INCOME, GAINS AND LOSSES

		1.1.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.12.2013 HK$'000
(a)	Other income		
	Rental income from short-term leasing of unutilised property, plant and equipment and storage area of the rented vessel	**37,886**	5,587
	Bank interest income	**503**	560
	Dividend income from held-for-trading securities	**899**	–
	Service income	**1,789**	129
	Non-performance claims and insurance claims	**6,970**	3,682
	Interest income from other assets	**4,094**	–
	Imputed interest income from loan to an associate	**–**	12,689
	Interest income from loan to an associate	**8,790**	–
	Others	**917**	–
		61,848	22,647

		1.1.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.12.2013 HK$'000
(b)	Other gains and losses		
	Loss on change in fair value on other investment	**(1,179)**	(69)
	Gain on trading of held-for-trading securities	**12,880**	1,031
	Loss on disposal of property, plant and equipment	**(3)**	–
	Impairment loss on available-for-sale financial assets	**(49,957)**	–
	Impairment loss on interest in an associate	**(4,410)**	–
	Impairment loss on other receivables	**(8,475)**	–
	Others	**6,194**	2,657
		(44,950)	3,619

5. FINANCE COSTS

	1.1.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.12.2013 HK$'000
Bank charges on letter of credit facilities	**5,384**	12,069
Interests on bank borrowings wholly repayable within five years	**20,763**	12,213
	26,147	24,282

6. TAXATION CHARGE

	1.1.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.12.2013 HK$'000
Current tax:		
PRC Enterprise Income Tax	**185**	167
Singapore Income Tax	**10,677**	4,376
	10,862	4,543

No provision for Hong Kong Profits Tax has been made for the year/period 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 and Implementation Rules of the PRC, the tax rate of the PRC subsidiaries is 25% for the year/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) is exempted from Macao Complementary Tax for the year/period.

Singapore Income Tax is calculated at 17% of the estimated assessable profits for the year/period.

7. (LOSS) PROFIT FOR THE YEAR/PERIOD

	1.1.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.12.2013 HK$'000
(Loss) profit for the year/period is arrived after charging (crediting):		
Auditor's remuneration	**1,883**	1,875
Depreciation of property, plant and equipment	**23,596**	5,479
Net foreign exchange gains	**(1,924)**	(110)
Operating lease rentals in respect of storage facilities, a vessel and rented premises	**75,294**	53,986
Directors' emoluments	**420**	315
Other staff costs		
Salaries, bonus and other allowances	**50,384**	22,207
Retirement benefit schemes contributions	**1,697**	750
	52,501	23,272
Share-based payments to advisers (included in distribution and selling expenses)	**41,372**	–
Write-down of inventories (included in cost of sales)	**60,250**	–
Cost of inventories recognised as an expense (included in cost of sales)	**8,012,441**	20,206,338

Distribution and selling expenses principally comprise share-based payments to advisers, sales commission and storage expenses.

8. DIVIDENDS

	1.1.2014 to 31.12.2014 HK$'000	1.4.2013 to 31.12.2013 HK$'000
Dividend recognised as distribution during the year/period:		
1.4.2013 to 31.12.2013 Final — HK5 cents (1.4.2012 to 31.3.2013 Final — HK4 cents)	**85,928**	64,577

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (1.4.2013 to 31.12.2013: HK5 cents per ordinary share of the Company).

9. (LOSS) EARNINGS PER SHARE

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

	1.1.2014 to 31.12.2014	1.4.2013 to 31.12.2013
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	**1,727,758,145**	1,614,443,019
Effect of dilutive potential ordinary shares:		
Share options	**–**	47,854,244
Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share	**1,727,758,145**	1,662,297,263

The incremental shares from assumed exercise of share options are excluded in calculation of the diluted loss per share for the year ended 31 December 2014 since the assumed exercise of those share options would result in a decrease in loss per share.

10. 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:

	2014	2013
	HK$'000	HK$'000
0 to 30 days	**1,016,268**	3,163,225
61 to 90 days	**3,982**	34,389
	1,020,250	3,197,614

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.

Before accepting any new customers, the Group will assess the potential customer's credit quality by reference to the experience of the management and defines credit limits by customer. Such credit limit is reviewed by the management periodically.

At 31 December 2014, included in the Group's bills receivables was receivable amounting to approximately HK$10,865,000 (2013: nil) which has been discounted to an unrelated bank and pledged as security for a bank borrowing. 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 receivable and has recognised the cash received on the transfer as secured borrowing. The carrying amount of the associated liability of the Group was approximately HK$10,735,000.

11. TRADE AND BILLS PAYABLES

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

	2014	2013
	HK$'000	HK$'000
0 to 30 days	**949,472**	2,501,257

The credit period on purchase 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.

MANAGEMENT DISCUSSION AND ANALYSIS

In September 2013, the Group's financial year end date has been changed to 31 December, effective from 2013, so as to enable the Company 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 which covered the year from 1 January 2014 to 31 December 2014 is the first full year after the change in financial year end date. To facilitate meaningful comparison, unless specified, the comparative figures refer to the result of the year from 1 January 2013 to 31 December 2013. It should be noted that the financial data for the year from 1 January 2013 to 31 December 2013 has neither been reviewed nor audited by our auditor.

Revenue for the year ended 31 December 2014 (the "year") was approximately Hong Kong ("HK") Dollars ("HK$") 8,181.0 million (2013: approximately HK$23,913.3 million). Loss attributable to owners of the Company for the year was approximately HK$354.7 million (2013: profit attributable to owners of the Company of approximately HK$572.7 million). Considering the effect of interest income from loan to Asia Sixth Energy Resources Limited ("Asia Sixth") and share-based payments expense, normalised loss attributable to owners of the Company for the year was approximately HK$322.1 million (2013: normalised profit attributable to owners of the Company of approximately HK$556.5 million).

BUSINESS REVIEW

Trading of Crude Oil, Petroleum Products and Petrochemicals

Facing the volatile oil market, the Group strived to develop its trading business of crude oil, petroleum products and petrochemicals. In 2014, our Macao office focused on trading crude oil through back-to-back arrangements and proactively expanded into new markets. During the year, despite the effort of our Singapore office to develop trading of new petroleum products, trading volume and profit dropped significantly as a result of the change in The Association of Southeast Asian Nations ("ASEAN") Trade in Goods Agreement and China–ASEAN Free Trade Area of Rules of Origin and the slowdown of the PRC's economic growth. In the meantime, the Group expanded its petrochemical market by developing new products such as pentane former and ethylene glycol.

Manufacture of Petrochemicals

Hainan Huizhi Petrochemical Fine Chemical Industry Limited Company ("Huizhi"), our non-wholly owned subsidiary which manufactures and processes petrochemicals, completed the fine-tuning of the manufacturing process in March 2014. Since Huizhi commenced its trial operation in April 2014, approximately 94,300 metric tons ("MT") of pentane former and approximately 12,400 MT of sec-butyl acetate were produced. It is expected that Huizhi will commence its official operation in June 2015.

Storage Business

Strong Petrochemical (Nantong) Logistics Company Ltd. ("Strong Nantong"), our wholly owned subsidiary since mid-September 2014, provides storage service with 21 storage tanks and a total capacity of 139,000 cubic meters. Strong Nantong is principally engaged in providing storage service for gasoil and diesel fuel. The storage volume dropped as a result of the collapse of oil price, and the total throughput dropped from approximately 1,107,400 MT in 2013 to approximately 424,500 MT in 2014.

Sublease of Vessel

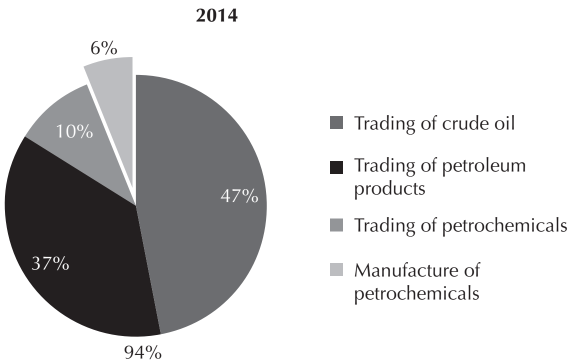
In 2013, Srithai Capital Co., Ltd., our joint venture company acquired an oil tanker (the "Vessel") which was rented by Strong Petrochemical Limited (Macao Commercial Offshare) ("Strong Macao") for self-storage. In view of the shift of trading focus and the excess capacity of the Vessel, Strong Macao subleased the Vessel to a third party for oil products storage in October 2014.

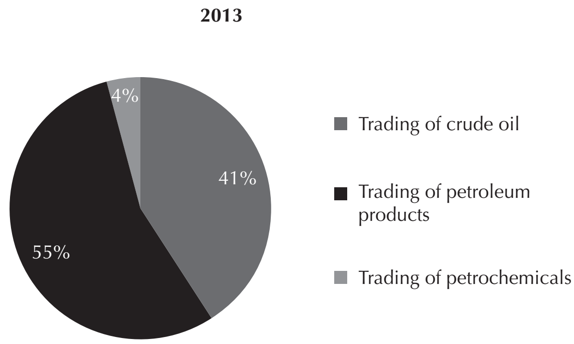
FINANCIAL REVIEW

Revenue and Fair Value Changes on Derivative Financial Instruments

The Group is principally engaged in the trading of oil products and the manufacture of petrochemicals. Approximately 47% (2013: 41%) of the Group's revenue was generated from trading of crude oil for the year, while the revenue generated from trading of petroleum products was approximately 37% (2013: 55%) and the revenue generated from trading of petrochemicals was approximately 10% (2013: 4%). Approximately 6% of the revenue was generated from manufacture of petrochemicals which commenced during the year.

Analysis of revenue in percentage to total revenue by business:





The revenue of the Group was approximately HK$8,181.0 million (2013: approximately HK$23,913.3 million) for the year. The trading volume of crude oil decreased from 11,466,185 barrels ("BBL") to 5,370,113 BBL for the year since a PRC customer changed its trading pattern in early 2014 and our Macao office successfully negotiated with the customer to resume the trading relationship in the second half of the year. During the year, our Macao office expanded the Russian market while not many banks were willing to finance such cargoes due to international sanctions and this led to a forfeit of trading opportunities. As regards the petroleum products business, the change in ASEAN Trade in Goods Agreement and China–ASEAN Free Trade Area of Rules of Origin effective in early 2014 made the import specifications of biodiesel costly compared to the PRC's domestic productions. In addition, the PRC is facing a slowdown of economic growth which weakened its demand in petroleum products. As a result, the trading volume of petroleum products decreased from 1,997,377 MT to 611,462 MT for the year. The trading volume of petrochemicals increased from 102,253 MT to 116,332 MT since Nantong Strong International Trading Company Limited, our wholly owned subsidiary, vigorously expanded its business in the PRC petrochemical market by getting new customers, mainly the PRC petrochemical factories, and developing new products such as pentane former and ethylene glycol. Huizhi commenced its trial operation in April 2014 and the sales quantity from the manufactured petrochemicals is 72,982 MT.

		Year ended 31 December					
			2014			2013	
Revenue	Unit	**Number of shipment**	**Sales quantity**	**Revenue HK$'000**	Number of shipment	Sales quantity	Revenue HK$'000
Trading of major products							
Crude oil	BBL	**7**	**5,370,113**	**3,816,859.1**	17	11,466,185	9,787,453.8
Petroleum products	MT	**32**	**611,462**	**3,007,089.8**	108	1,997,377	13,184,345.7
Petrochemicals	MT	**168**	**116,332**	**840,003.3**	145	102,253	941,465.3
		207		**7,663,952.2**	270		23,913,264.8
Manufacture of petrochemicals	MT	**71**	**72,982**	**517,056.7**	–	–	–
Total		**278**		**8,181,008.9**	270		23,913,264.8

Compared with the sales proportion in 2013, the proportion of sales to customers in the PRC to total sales in 2014 increased from 87% to 96%. However, in view of the declining growth rate of the PRC, we will continue to solidify our business in the PRC market while strive to expand business in other markets.

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 year, the Group reported an aggregate loss on fair value changes on derivatives financial instruments for hedging transactions of approximately HK$164.6 million (2013: aggregate profit of approximately HK$31.8 million) and an aggregate loss on fair value changes on derivatives financial instruments for proprietary trading transactions of approximately HK$15.4 million (2013: nil), which were attributable to the volatile oil market in the second half of 2014.

Gross Profit

The overall gross profit of the Group decreased to approximately HK$108.3 million (2013: approximately HK$803.7 million), representing a decrease of approximately HK$695.4 million, for the year. The decrease in gross profit was largely attributable to the decrease in revenue and the recognition of inventory provision.

Normalised Profit attributable to Owners of the Company

As mentioned in the below section of "Material Acquisitions and Disposals, and Future Plans for Material Investments", in 2013, the Group entered into a share purchase agreement to assign the shareholder's loan of US$24.1 million to The Sixth Energy Limited ("Sixth Energy").

During the year, share options have been granted by the Company to eligible participants under the new share option scheme which was adopted in May 2014. The associated share-based payments expense was considered as one-off expense during the year.

By excluding the interest income from loan to Asia Sixth arising from the assignment of shareholder's loan of approximately HK$8.8 million (2013: approximately HK$16.2 million) and the share-based payments expense of approximately HK$41.4 million (2013: Nil), the loss for the year attributable to owners of the Company is adjusted downward from approximately HK$354.7 million, under the best estimate by management, to a normalised loss for the year attributable to owners of the Company of approximately HK$322.1 million.

	Year ended 31 December 2014 HK$ million	Year ended 31 December 2013 (Unaudited) HK$ million	Period from 1 April to 31 December 2013 HK$ million
(Loss) profit for the year attributable to owners of the Company	**(354.7)**	572.7	372.5
Deduct: Interest income from loan to Asia Sixth	**(8.8)**	(16.2)	(12.7)
Add: Share-based payments expense	**41.4**	–	–
Underlying (loss) earnings after tax	**(322.1)**	556.5	359.8

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 2014, the Group had deposits placed with brokers, pledged bank deposits, and bank balances and cash of approximately HK$29.3 million (2013: approximately HK$194.3 million), approximately HK$33.2 million (2013: approximately HK$65.3 million) and approximately HK$267.2 million (2013: approximately HK$345.3 million) respectively. The total of deposits placed with brokers, pledged bank deposits, and bank balances and cash (collectively, the "Liquidity Resources") were approximately HK$329.7 million (2013: approximately HK$604.9 million). Most of the Liquidity Resources were denominated in United States Dollars ("US$").

The equity attributable to the owners of the Company decreased by approximately HK$297.2 million to approximately HK$1,079.7 million as at 31 December 2014 (2013: approximately HK$1,376.9 million).

The Group had bank borrowings, represented by trust receipt, discounting, short-term loans and long-term loans repayable within 1 year, of approximately HK$1,643.9 million (2013: approximately HK$1,684.6 million). As at 31 December 2014, the Group's gearing ratio was approximately 40% (2013: 27%). 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 shortfalls, 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 2014, the Group has banking facilities of approximately US$1,476.3 million and Renminbi ("RMB") 148.0 million (equivalent to approximately HK$11,702.3 million in total) from several banks.

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 RMB. Since the exchange rate of US$ against HK$ is relatively stable during the year, the exposure on foreign exchange is insignificant.

Contingent Liabilities

As at 31 December 2014, the Group did not have any significant contingent liabilities.

Capital Commitments

As at 31 December 2014, the Group had contracted for capital expenditure of approximately RMB10,186,000 (equivalent to approximately HK$12,913,000) (2013: approximately RMB40,851,000 (equivalent to approximately HK$51,958,000)) and there is no authorised but not contracted for capital expenditure (2013: approximately RMB379,852,000 (equivalent to approximately HK$483,131,000)) 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.

Save as disclosed above, the Group did not have any other significant capital commitments as at 31 December 2014.

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.

In early 2013, the Group entered into a share 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. During the year, Sixth Energy has paid the Group the consideration in the total sum of US$24.1 million for assignment of shareholder's loan. Announced on 1 August 2014, the original plan to dispose approximately 33.12% equity interest in Asia Sixth was terminated and replaced by another plan to dispose the entire equity interest in Asia Sixth. Pursuant to the termination agreement which Sixth Energy, Asia Sixth and the Group entered, Sixth Energy, Asia Sixth and Caspian Energy Inc. ("CEI", a publicly traded company on NEX, a separate board of TSX Venture Exchange) would enter into an agreement for the purpose of restructuring of Asia Sixth. Subject to the completion of restructuring of Asia Sixth and further subject to the applicable laws and regulations and the memorandum and articles of association of Asia Sixth, Asia Sixth agreed to acquire 67 shares of Asia Sixth from the Group at a consideration of 1.68% of the total issued common shares of CEI at the time of completion of restructuring of Asia Sixth. As at 31 December 2014, the restructuring of Asia Sixth has not yet been completed.

In early 2014, the Group acquired over 45.0 million Class "A" common voting shares and approximately 15.0 million warrants of Sunshine Oilsands Ltd., an energy company listed on the Hong Kong and Toronto Stock Exchanges, at a price of HK$1.70 per share. Each warrant entitles the Group to acquire one common share at an exercise price of HK$1.88 per common share for a period of 24 months following the completion of acquisition.

In August 2014, the Group started investing in crude oil and oil products related derivative products and securities, and subsequently the Board decided to include the investment in financial products as one of the ordinary business activities. The Group monitors the proprietary trading closely under its risk management policy.

Announced on 5 September 2014, the Group entered into the two subscription agreements with Shanghai Tongran Petroleum & Chemical Industry Co., Ltd. ("Shanghai Tongran") and Shanghai Saibao Industrial Co., Ltd. ("Shanghai Saibao") respectively, in relation to subscription of 57,794,409 new shares of the Company at the consideration of transferring 32.5% and 16.5% of equity interest in Teamskill Investments Limited ("Teamskill Investments") held by Shanghai Tongran and Shanghai Saibao respectively. Upon completion on 18 September 2014, Teamskill Investments and its wholly owned subsidiary, Strong Nantong, became indirectly wholly owned by the Company.

Save as disclosed above, there were no other significant investments held during the year, or plans for material investments of capital assets as at the date of this report, nor were there other material acquisitions and disposals of subsidiaries during the year.

Employees

The number of employees of the Group was increased to 168 (2013: 150) as at 31 December 2014 to cope with our expansion. 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.

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

During the year, the Company repurchased a total of 9,934,000 ordinary shares of the Company at an aggregate purchase price of HK$9,295,000 on The Stock Exchange of Hong Kong Limited, representing approximately 0.58% 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$
May 2014	6,234,000	0.99	0.93	6,018,000
July 2014	1,200,000	0.98	0.94	1,158,000
September 2014	1,500,000	0.86	0.84	1,276,000
October 2014	1,000,000	0.86	0.84	843,000
Total	9,934,000			9,295,000

The repurchased shares were cancelled during the year 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 year.

PROPOSED DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (nine months ended 31 December 2013: HK5 cents per ordinary share of the Company).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from, Tuesday 12 May 2015 to Thursday, 14 May 2015 both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the annual general meeting of the Company to be held on 14 May 2015, 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, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 11 May 2015.

CORPORATE GOVERNANCE

The Company has adopted and is fully compliant with all the provisions of the Corporate Governance 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 year ended 31 December 2014.

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 of the Company have confirmed that they had complied with the required standards set out in the Model Code during the year.

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.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2014 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

AUDIT COMMITTEE

The Audit Committee of the Company (the "Audit Committee") comprises of three independent non-executive directors of the Company ("INEDs") who possess relevant business and financial management experience. The company secretary of the Company 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.

Subsequent to the financial year end, the Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2014, including the accounting principles and practices adopted by the Group, and recommended them to the Board for approval.

By order of the Board
STRONG PETROCHEMICAL HOLDINGS LIMITED
Wang Jian Sheng
Chairman

Hong Kong, 19 March 2015

As at the date of this announcement, the Board comprises of two executive directors and three INEDs. The executive directors are Mr. Wang Jian Sheng and Mr. Yao Guoliang. The INEDs are Ms. Lin Yan, Mr. Guo Yan Jun and Ms. Cheung Siu Wan.