STRONG PETROCHEMICAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 852)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

To all shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Strong Petrochemical Holdings Limited (the "Company"), I am pleased to present the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2012.

BUSINESS REVIEW AND PROSPECTS

Crude oil market and core business

The crude oil prices in 2011 had been a volatile year with Brent crude prices coming off from a high average price of approximately United States ("US") dollars ("US$") 123.3 in April 2011 and reaching approximately US$107.9 in December 2011 before it broke upward again in the first quarter of 2012 reaching approximately US$125.4 in March 2012. The main drivers for the upsurge in oil prices mainly being the sanctions on Iranian crude, the ongoing significant output disruptions in South Sudan, Syrian, and Yemen, and the tight Organization of Petroleum Exporting Countries (the "OPEC") crude spare capacity in crude output. Crude oil prices have been hampered by the global factors or disappointing economic news in relation to OPEC, Iran, United States, and Eurozone debt crisis (the "Global factors"). Starting from April 2012 crude oil prices fell approximately 21.7%, from approximately US$123.4 per barrel to approximately US$96.6 per barrel on 12 June 2012. Although our performance is vulnerable to Global factors and we may subject to price risk especially when priced on the floating price basis, we engaged in hedging activities by entering into derivatives financial instruments. Details of the financial effects on bottom-line and underlying earnings are set out in the subsequent section of "Financial Review".

For the financial year ended 31 March 2012, oil market had been in the backwardation situation whereas the oil price for future delivery is lower than for immediate delivery. This had an impact of our oil storage trades which the Group owned the oil tanker since 2009 before it signed the memorandum of agreement to sell in February 2012. The storage and financing costs for storing the oil had reduced our trade margins although the quantity of crude oil trades had increased by approximately 13.5% from last year of approximately 7.9 million barrels to approximately 9.0 million barrels for the year. When the trade of the oil price structure starts to reverse, the profitability should be improved given the demand in China still remain strong in coming years.

In the data published by the National Bureau of Statistics of China, the crude consumption in the first four months of 2012 had showed an increase of approximately 4.6% and the import of crude an increase of approximately 9.3% on a year-on-year basis compared with the same period last year. According to the 2012 Edition of BP Energy Outlook 2030, by the year 2030 China will be the world's largest economies and energy consumers and together with India will account for approximately 35% of the global energy demand. The Group is confident that our focus in China and our presence in the regions which contribute significantly in global economy for coming years will position our business well.

The ongoing Euro debt crisis together with the current slowdown in China's economy had inevitably given the world economy a warning for possible downside risk to both economic and oil demand growth. However the Group remains positive that the sustainable growth in China and in other regions of Asia will offer the business opportunities for increased shareholders value from current operations.

Manufacture and development of Chemical Products

On 31 January 2012, we announced the acquisition of 57% equity interest in the Hainan Huizhi Petrochemical Fine Chemical Industry Limited Company ("Huizhi") for 28.5 million shares of Huizhi in the consideration of Renminbi ("RMB") 28.5 million. The acquisition was completed on 14 December 2011 and the registered capital has been increased to RMB50.0 million. On or before the estimated completion of principal facilities by mid of 2013, the total investment of the Project contributed by the Group and two other beneficial owners, Fizi Tech Development Co., Ltd. and Nanjing Kaifeng Petroleum & Chemical Co., Ltd., will be used for the purchase of land, equipment and raw materials, construction of building facilities, and transfer of technology. We estimated Huizhi to commence trial operations for approximately three months since August 2013 and will be responsible for the manufacture and development of the chemical products, including but not limited to light aromatics, sec-Butyl Acetate, and C_5, with estimated annual capacity of 60,000 metric tons ("MT"), 60,000 MT and 200,000 MT respectively. The project demonstrates one of the breakthroughs of our Group during the year.

Storage and logistics business

We strategically located Nantong and Tianjin for our expansion and development storage business in the PRC to cope with anticipated growth in demand for storage of petroleum and petrochemical products.

We expected approximately 10% to 30% of storage facilities to be constructed under the storage project located in Nantong for the development of storage of petrochemical and/or petroleum products business in Nantong City, Jiangsu Province, the PRC. It is carried out by Strong Petrochemical (Nantong) Logistics Co., Ltd. ("Strong Nantong"), an indirect wholly owned subsidiary of the Company. During the year, we entered and completed the equity transfer agreement with Shanghai Tongran Petroleum & Chemical Co., Ltd. and Shanghai Saibao Petroleum & Chemical Co., Ltd., and we believe that we will benefit from the synergy and further strengthen our competitive position. By the end of 31 March 2012, the Group invested approximately RMB 54.6 million (equivalent to approximately Hong Kong ("HK") dollars ("HK$") 67.3 million) for the construction of storage tanks, pipelines, and other relevant infrastructure. Upon the completion of two phases of construction, we achieved significant progress that the storage facilities with 21 storage tanks, which have a capacity of not less than 139,000 cubic meters, will commence trial operations since July 2012. Starting the preliminary works of Phase 3, Strong Nantong planned to construct 3 additional storage tanks, which have a capacity of approximately 8,000 cubic meters estimated by one year.

The project located in Tianjin built storage facilities with planned with annual transhipment capacity of approximately 9.0 million metric tons for crude oil, petroleum products and petrochemical products located in Tianjin Port Free Trade Zone. It is carried out by Sinochem Tianjin Port Petrochemical Terminal Co., Ltd. (the "Tianjin Terminal") with paid up registered capital of approximately RMB 628.1 million. The Company indirectly holds 15% interests of the Tianjin Terminal. On 9 May 2012, Tianjin Terminal obtained the certification of ISO9001, ISO14001 and OHSAS18001 management systems of British Standards Institution (BSI) with certificates for the three management systems for quality, occupational health and safety and environment, successfully accomplishing the integrated three-standard certification.

Started in 2008 and completion in December 2010, the Phase 1 construction of storage tanks and facilities for crude oil, fuel oil and refined products, which has capacity of approximately 420,000 cubic meters, has completed trial run and commenced operations in January 2012. Upon the completion of Phase 2 in December 2011, the storage tanks and facilities, which has capacity of approximately 540,000 cubic meters, has commenced trial operations since January 2012. The railway construction has been included in the Phase 2 construction and is expected to be completed by the end of June 2012.

Oil and gas exploration in Kazakhstan

On 28 December 2011, the Group had successfully completed the transaction regarding the acquisition of 40% of equity interests in Asia Sixth Energy Resources Limited ("Asia Sixth") allowing the Group to effectively own 24% in Aral Petroleum Capital LLP ("Aral") which was granted an exploration licence and a 25-year production licence of oil and gas in the Republic of Kazakhstan known as the North Block, a 1,549 square kilometres area located in the vicinity of the Pre-Caspian Basin in the West-Central Kazakhstan that contains both East and West Zhagabulak.

Aral currently owns one producing oil field, the East Zhagabulak field ("EZ field"), which has two wells #213 and #301 producing together an average of 404 barrels of oil per day ("BOPD"), and at the same time has several oil prospects that are currently in the exploration stage throughout the North Block with six wells to be drilled and are expected to contribute to the oil production in 2012 in the EZ field and the West Zhagabulak field ("WZ field"). As at 31 December 2011, the EZ field had estimated proved plus probable reserve oil of approximately 8.6 million barrels, and possible reserve of approximately 11.1 million barrels.

Disposal of oil tanker

During the year, the Group disposed a single-hulled oil tanker built in 1988 to offload relevant repair costs and capital expenditure, and strengthen our liquidity and financial position. The Group recorded a disposal loss of approximately US$1.2 million (equivalent to approximately HK$9.5 million). On the other hand, the Group' s general working capital had been consolidated and enhanced by the total cash consideration of approximately US$15.5 million (equivalent to approximately HK$120.5 million) by the completion of the delivery in March 2012, and support the growth of its core business and future development. Subsequently, we effectively managed and sustained our conventional crude oil business by signing a lease agreement for a vessel moored at port Tanjung Pelepas, Malaysia to meet our oil storage trading requirement.

APPRECIATION

I would like to take this opportunity to extend my heartfelt thanks to our fellow Board members, management, and employees for their steadfast contribution, their dedication, and their hard work to the Group. On behalf of the board, I should like to express sincere gratitude to our customers, suppliers, business partners and shareholders for their continuous support. We shall persist with best efforts in striving for optimal development for the Group and returns for our shareholders in the times to come.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTES	Year ended 31 March 2012 HK$'000	2011 HK$'000
Revenue	3	11,111,550	7,890,665
Cost of sales		(10,905,273)	(7,526,503)
Gross profit		206,277	364,162
Other income, gain and losses		(2,868)	5,654
Fair value changes on derivative financial instruments		(58,339)	(112,019)
Distribution and selling expenses		(82,848)	(81,841)
Administrative expenses		(56,864)	(45,346)
Other expenses		(1,429)	(1,603)
Finance costs	4	(30,337)	(23,047)
Share of loss of associates		(4,693)	(954)
(Loss)/profit before taxation		(31,101)	105,006
Taxation credit/(charge)	5	11,895	(2,686)
(Loss)/profit for the year	6	(19,206)	102,320
Other comprehensive income			
Exchange difference arising on translation		6,664	6,889
Total comprehensive (expense)/income for the year		(12,542)	109,209
(Loss)/profit for the year attributable to:			
Owners of the Company		(18,034)	102,320
Non-controlling interests		(1,172)	—
		(19,206)	102,320
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(11,370)	109,209
Non-controlling interests		(1,172)	—
		(12,542)	109,209
(Loss)/earnings per share	7		
– basic (HK$)		(0.01)	0.06
– diluted (HK$)		(0.01)	0.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	As at 31 March 2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		69,607	157,218
Prepaid lease payments		21,461	21,114
Available-for-sale investments		392	392
Bank structured deposit		—	19,579
Interests in associates		135,388	134,847
Loan to an associate		187,979	—
Deferred tax asset		4,358	4,358
		419,185	337,508
Current assets			
Inventories		1,253	1,024,350
Prepaid lease payments		477	459
Trade and bills receivables	8	2,468,047	437,800
Other receivables, deposits and prepayments		31,965	21,204
Amounts due from non-controlling shareholders of a subsidiary		13,261	—
Tax recoverable		20	3,651
Derivative financial instruments		8,772	—
Bank structured deposit		19,504	—
Deposits placed with brokers		80,472	63,372
Pledged bank deposits		254,824	15,610
Bank balances and cash		156,408	400,866
		3,035,003	1,967,312
Current liabilities			
Trade and bills payables	9	1,653,937	667,471
Other payables and accruals		28,024	22,286
Receipt in advance		2,257	—
Amounts due to non-controlling shareholders of a subsidiary		4,913	—
Bank borrowings		849,782	727,253
Derivative financial instruments		—	34,436
Tax payable		82	4,749
		2,538,995	1,456,195
Net current assets		496,008	511,117
Total assets less current liabilities		915,193	848,625
Equity			
Share capital		40,360	40,292
Reserves		802,424	800,856
Equity attributable to owners of the Company		842,784	841,148
Non-controlling interests		72,409	—
Total equity		915,193	841,148
Non-current liability			
Deferred tax liability		—	7,477
		915,193	848,625

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Legal reserve HK$'000	Share options reserve HK$'000	Translation reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2010	40,147	202,496	(1,922)	49	35,428	3,438	—	489,507	769,143	—	769,143
Exchange differences arising on translation	—	—	—	—	—	6,889	—	—	6,889	—	6,889
Profit for the year	—	—	—	—	—	—	—	102,320	102,320	—	102,320
Total comprehensive income for the year	—	—	—	—	—	6,889	—	102,320	109,209	—	109,209
Recognition of equity-settled share-based payments	—	—	—	—	8,990	—	—	—	8,990	—	8,990
Issue of shares on exercise of share options	198	7,161	—	—	(2,244)	—	—	—	5,115	—	5,115
Shares repurchased and cancelled	(53)	(2,867)	—	—	—	—	—	—	(2,920)	—	(2,920)
Dividend recognised as distribution	—	—	—	—	—	—	—	(48,389)	(48,389)	—	(48,389)
	145	4,294	—	—	6,746	—	—	(48,389)	(37,204)	—	(37,204)
At 31 March 2011	40,292	206,790	(1,922)	49	42,174	10,327	—	543,438	841,148	—	841,148
Exchange differences arising on translation	—	—	—	—	—	6,664	—	—	6,664	—	6,664
Loss for the year	—	—	—	—	—	—	—	(18,034)	(18,034)	(1,172)	(19,206)
Total comprehensive (expense)/income for the year	—	—	—	—	—	6,664	—	(18,034)	(11,370)	(1,172)	(12,542)
Recognition of equity-settled share-based payments	—	—	—	—	772	—	—	—	772	—	772
Issue of shares on exercise of share options	73	2,645	—	—	(847)	—	—	—	1,871	—	1,871
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	26,521	26,521
Shares repurchased and cancelled	(5)	(165)	—	—	—	—	—	—	(170)	—	(170)
Deemed disposal of partial interests in subsidiaries	—	—	—	—	—	—	10,533	—	10,533	47,060	57,593
	68	2,480	—	—	(75)	—	10,533	—	13,006	73,581	86,587
At 31 March 2012	40,360	209,270	(1,922)	49	42,099	16,991	10,533	525,404	842,784	72,409	915,193

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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

The Company acts as an investment holding company.

The Group's principal operations are conducted in Hong Kong and Macao. 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")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountant (the "HKICPA").

Amendments to HKFRSs	Improvement to HKFRSs issued in 2010
HKAS 24 (Revised 2009)	Related party disclosures
Amendments to HK(IFRIC) - INT 14	Prepayments of a minimum funding requirement
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments

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

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle[2]
Amendments to HKFRS 7	Disclosures - Transfers of financial assets[1]
	Disclosures - Offsetting financial assets and financial liabilities[2]
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date of HKFRS 9 and transition disclosures[3]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
Amendments to HKAS 1	Presentation of items of other comprehensive income[5]
Amendments to HKAS 12	Deferred tax - Recovery of underlying assets[4]
HKAS 19 (Revised 2011)	Employee benefits[2]
HKAS 27 (Revised 2011)	Separate financial statements[2]
HKAS 28 (Revised 2011)	Investments in associates and joint ventures[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[6]
HK(IFRIC) - INT 20	Stripping costs in the production phase of a surface mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011.

[2] Effective for annual periods beginning on or after 1 January 2013.

[3] Effective for annual periods beginning on or after 1 January 2015.

[4] Effective for annual periods beginning on or after 1 January 2012.

[5] Effective for annual periods beginning on or after 1 July 2012.

[6] Effective for annual periods beginning on or after 1 January 2014.

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 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be 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.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for annual period beginning 1 April 2015 and that the application of the Standard is not expected to have material impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 March 2012.

Amendments to HKAS 1 Presentation of items of 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. However, 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 to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The directors anticipate that HKAS 1 will be adopted in the Group's consolidated financial statements for annual period beginning 1 April 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

New and revised Standards on consolidation and disclosures

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) - INT 12 "Consolidation - Special purpose entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

HKFRS 10 and HKFRS 12 are effective for annual periods beginning on or after 1 January 2013.

The directors anticipate that HKFRS 10 and HKFRS 12 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. The directors have not yet performed a detail analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair value measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad and it applies 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 in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new standard is unlikely to affect the amounts reported in the Group's consolidated financial statements, including derivatives financial instruments, and result in more extensive disclosures about fair value measurements in the Group's consolidated financial statements.

The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the consolidated 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

The Group's revenue is substantially derived from a single business operation of trading of crude oil, petroleum and petrochemical products ("Trading business"). The financial information for the Trading business as a whole, is regularly reviewed by the executive directors of the Company and used for the purposes of assessment of performance and resource allocation. Accordingly, the Trading business as a whole constitutes one operating segment for the purpose of segment information presentation under HKFRS 8.

Though the management plans to develop an oil storage business ("Oil Storage business") in the People's Republic of China (the "PRC" excluding Hong Kong and Macao), the storage facilities are still in construction and it has not yet generated any revenue up to 31 March 2012. Up to 31 March 2012, the executive directors did not regularly review the information of Oil Storage business and used for the purpose of resource allocation and assessment of performance. Accordingly, it does not constitate as an operating segment.

The Group's turnover and results are principally derived from the Trading business and management of the Group has been managing the Group as a single operating segment in both years. The turnover and results are disclosed in the consolidated statement of comprehensive income.

Revenue from major products

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

	2012	**2011**
	HK$'000	*HK$'000*
Crude oil	8,017,380	5,495,834
Petroleum products	2,340,691	1,541,772
Petrochemical products	753,479	853,059
	11,111,550	7,890,665

Geographical information

The Group's operations are currently carried out in Hong Kong, Macao, PRC and Malaysia.

The Group's revenue from external customers by location of delivery to 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**	
	2012	**2011**	**2012**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	—	143,492	82	118
Indonesia	—	504,705	—	—
Korea	114,842	255,533	—	—
Macau	—	—	1,167	1,257
Malaysia*	3,575,590	2,978,602	—	146,957
PRC	6,522,384	3,765,614	89,044	30,000
Singapore	1,126	16,430	775	—
Taiwan	897,608	226,289	—	—
	11,111,550	7,890,665	91,068	178,332

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

Note: For the purpose of the geographical information above, non-current assets exclude financial instruments (consisting of interests in associates, loan to an associate, available-for-sale investments and the bank structured deposit) and the deferred tax asset.

4. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interests on short-term borrowings	24,258	17,372
Bank charges on letter of credit facilities	6,079	5,675
	30,337	23,047

5. TAXATION (CREDIT)/CHARGE

	2012	2011
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax	331	—
Overprovision in prior years:		
PRC Enterprise Income Tax	(4,749)	(4,791)
Deferred tax (credit)/charge	(7,477)	7,477
	(11,895)	2,686

No provision for Hong Kong Profits Tax has been made for the year since tax losses were incurred for the subsidiaries with operations in Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the year. No provision for PRC Enterprise Income Tax was provided for the Group's PRC subsidiaries for the year ended 31 March 2011 as the PRC subsidiaries have no assessable profit for that year.

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

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. (LOSS)/PROFIT FOR THE YEAR

	2012	2011
	HK$'000	*HK$'000*
(Loss)/profit for the year is arrived after charging:		
Auditor's remuneration	1,996	1,320
Amortisation of prepaid lease payments (included in other expenses)	472	449
Depreciation of property, plant and equipment		
Vessel (Note)	23,513	23,513
Others	321	218
Net foreign exchange losses	4,602	702
Operating lease rentals in respect of oil storage facilities and rented premises	1,754	1,494
Directors' emoluments	1,295	2,192
Other staff costs		
Salaries, bonus and other allowances	14,295	10,824
Retirement benefits scheme contributions	400	278
Share-based payments	60	698
	16,050	13,992
Write-down of inventories (included in cost of sales)	1,895	—
Cost of inventories recognised as expense (included in cost of sales)	10,803,661	7,449,961
Share-based payments to outsiders (included in distribution and selling expenses)	655	7,641

Note: As certain areas of the vessel was leased out for rental income for a short period during the year, the respective depreciation of vessel amounting to HK$544,000 (2011: HK$653,000), together with the attributable operating costs of the vessel, was included in other expenses. The remaining amount of HK$22,969,000 (2011: HK$22,860,000), together with the attributable operating costs of the vessel, was included in distribution and selling expenses.

7. (LOSS)/EARNINGS PER SHARE

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

	2012	2011
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	1,613,345,924	1,610,448,472
Effect of dilutive potential ordinary shares:		
Share options	—	77,554,529
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	1,613,345,924	1,688,003,001

The incremental shares from assumed exercise of share options are excluded in calculation of the diluted loss per share for the year ended 31 March 2012 since the exercise of those share options would result in a decrease in loss per share.

8. 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:

	2012	2011
	HK$'000	*HK$'000*
0 to 30 days	2,468,047	437,800

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

At 31 March 2012, included in the Group's bills receivables were receivable amounting to HK$11,353,000 (2011: nil) which have been factored to an unrelated financial institution and pledged as security for certain borrowings. After the factoring, 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$11,353,000 (2011: nil).

9. TRADE AND BILLS PAYABLES

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:

	2012	2011
	HK$'000	*HK$'000*
0 to 30 days	1,653,937	667,471

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.

10. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2010 final dividend:		
HK3 cents per share	—	48,389

The Board does not recommend the payment of a final dividend for the year ended 31 March 2012 (2011: nil).

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

Revenue

The Group is principally engaged in the trading of oil products. During the year, approximately 72.2% (2011: 69.7%), approximately 21.0% (2011: 19.5%), and approximately 6.8% (2011: 10.8%) of revenue of the Group was generated from trading of crude oil, petroleum products, and petrochemical products respectively.

The revenue of the Group was approximately HK$11,111.6 million (2011: approximately HK$7,890.7 million) for the year. We achieved considerable growth in trading of crude oil by recording year-on-year increase by 1,075,078 barrels to 9,018,247 barrels (2011:7,943,169 barrels) for the year. Summary of volume by products is indicated as follows:

		Year ended 31 March				
		2012		2011		
Products	Unit	**Number of shipment**	**Sales quantity**	Number of shipment	Sale quantity	Year-on-year change in sale quantity
Crude oil	BBL	**13**	**9,018,247**	14	7,943,169	1,075,078
Petroleum products	MT	**42**	**400,684**	8	382,542	18,142
Petrochemical products	MT	**44**	**80,075**	26	99,660	(19,585)
Total		**99**		48		

The Brent and WTI crude oil spot prices dropped from US$123.41/barrel and US$103.03/barrel on 30 March 2012 and finished at US$96.59 and US$83.35 respectively on 12 June 2012, representing a decrease of approximately 21.7% and approximately 19.1% respectively (the “Oil Price Fluctuation”).

Included in revenue is a shipment (the “Shipment”), with approximately 902,000 net US barrels of amount approximately HK$902.2 million, was concluded and delivered in March 2012. Save as aforesaid in the section of “Business Review and Prospects”, we suffered from the Oil Price Fluctuation and revenue was adjusted downward by approximately HK$77.5 million for the Shipment. The total Fair Value Changes in relation to the Oil Price Fluctuation was amounted to approximately HK$85.2 millon is analysed below.

With the risk management policy adopted, 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. As part of a 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 a decrease of approximately HK$53.7 million to approximately HK$58.3 million (2011: approximately HK$112.0 million) in aggregate loss on fair value changes on derivatives financial instrument (the "Fair Value Changes"), which was attributable to the Group entering derivatives contracts in order to hedge its exposure to crude oil price volatility.

Although the accounting standard requiring us to record the fair value gain as at 31 March 2012 from the Fair Value Changes on the Shipment of approximately HK$12.9 million, we cannot reflect and recognise the Fair Value Changes in relation to the Oil Price Fluctuation as aforesaid of amounted to approximately HK$72.3 million. As at 12 June 2012, with net short position on hands, additional gain from the unrecognised hedging was realized of approximately HK$29.4 million and, under the best estimate by management, there was an unrealized gain of approximately HK$42.9 million in relation to the Shipment.

Taxation

Taxation credit of approximately HK$11.9 million for the year was mainly attributable to the write-back of deferred tax provision arising from the disposal of oil tanker of HK$7.5 million and overprovision of taxation in respect of prior years of approximately HK$4.8 million.

Normalised (Loss)/ Profit attributable to Owners of the Company

By adding back the Fair Value Changes to match with the Oil Price Fluctuation amounted to approximately HK$72.3 million as aforesaid and excluding one-off share of loss of associates and loss on disposal of an oil tanker of approximately HK$4.7 million and approximately HK$9.5 million respectively, the loss for the year attributable to owners of the Company has to be adjusted upward from approximately HK$18.0 million, to a normalised profit for the year attributable to owners of the Company of approximately HK$68.5 million.

	2012
	HK$'mil
Loss for the year attributable to owners of the Company	(18.0)
Add back: Fair Value Change in relation to Oil Price Fluctuation	72.3
Add back: Share of loss of associates	4.7
Add back: Loss on disposal of an oil tanker	9.5
Underlying earnings after tax	68.5

The equity attributable to the owners of the Company increased by approximately HK$1.7 million to approximately HK$842.8 million on 31 March 2012 (2011: approximately HK$841.1 million).

The Group had bank borrowings represented trust receipt, factoring, and short-term loans (collectively, the "Loans"), repayable within 3 months of approximately HK$849.8 million (2011: approximately HK$727.3 million). As at 31 March 2012, the Group's gearing ratio was approximately 24.6% (2011: 31.6%). The debt ratio was calculated as the Group's total borrowings divided by total assets.

To the date of this announcement, the Group has banking facilities of US$ 490.0 million (equivalent to approximately HK$3,822.0 million) from several banks.

Contingent Liabilities

As at 31 March 2012, the Group did not have any significant contingent liabilities.

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

During the year, the Company repurchased a total of 188,000 ordinary shares of the Company at an aggregate purchase price of HK$170,000 on the Stock Exchange, representing approximately 0.01% 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$0.025 each	Purchase price paid per share Highest	Lowest	Aggregate consideration paid
		HK$	*HK$*	*HK$*
November 2011	60,000	0.92	0.89	54,000
December 2011	80,000	0.92	0.77	70,000
January 2012	48,000	0.98	0.94	46,000
Total	188,000			170,000

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.

MODIFICATION TO THE INDEPENDENT AUDITOR'S REPORT

The audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2012 has been modified and is extracted as follows:

"Basis for Qualified Opinion

Included in the Group's interests in associates as set out in note 18 to the consolidated financial statement were cost of investment in an associate and loan to an associate of approximately HK$500 and HK$187,979,000, respectively, relating to the Group's interest in Asia Sixth Energy Resources Limited ("Asia Sixth") which was acquired by the Group on 28 December 2011 (the "Date of Acquisition"). As further explained in notes 3 and 18 to the consolidated financial statements, since the management of Asia Sixth requires additional time to determine the fair values of assets and liabilities of a subsidiary acquired by Asia Sixth at initial recognition, no consolidated financial information of Asia Sixth has been made available to the Group to enable it to account for its interest in Asia Sixth at initial recognition, to equity account for its interest in Asia Sixth for the period from the Date of Acquisition to 31 March 2012, and to disclose the summarised financial information of Asia Sixth in accordance with Hong Kong Accounting Standard 28 ("HKAS 28")"Investments in Associates" issued by the HKICPA; as well as to assess the fair valuation of the loan to an associate in accordance with Hong Kong Accounting Standard 39 ("HKAS 39")"Financial Instruments: Recognition and Measurement" issued by the HKICPA.

Accordingly, the Group's interest in, and loan to, Asia Sixth have been stated at cost less any identified impairment losses as at 31 March 2012. In the absence of sufficient appropriate evidence relating to Asia Sixth, there were no other alternative audit procedures that we could carry out to assess the impact of these departures from HKAS 28 and HKAS 39, and to satisfy ourselves as to whether the Group's interest in, and loan to, Asia Sixth were free from material misstatements and whether any impairment losses were required. Any adjustments would have affected the Group's interests in associates and loan to an associate as at 31 March 2012 and the results of the Group for the year then ended.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 31 March 2012 and of its loss and cash flows for the year then ended 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."

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 15 August 2012 to Friday, 17 August 2012, 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 17 August 2012, 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 26 Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 14 August 2012.

CORPORATE GOVERNANCE

The Company has adopted and fully compliant with the code provisions of the Code on Corporate Governance Practices (the "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 March 2012.

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 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.

The Audit Committee (the "Audit Com") comprises three independent non-executive Director ("INEDs") INEDs who possess relevant business and financial management experience. The Audit Com is chaired by Ms. Cheung Siu Wan, who is 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 Com has reviewed the Group's audited consolidated financial statements for the year ended 31 March 2012, 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, 22 June 2012

The Directors of the Company as at the date of this announcement are:

Independent Non-executive Directors:	Ms. LIN Yan, Mr. GUO Yan Jun and Ms. CHEUNG Siu Wan
Executive Directors:	Mr. WANG Jian Sheng and Mr. YAO Guoliang

Forward-looking statements (the "Statements") contained in this announcement 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 announcement. 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 announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.

Website: www.strongpetrochem.com