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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)

SUPPLEMENTAL INFORMATION RELATED TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the “**Board**”) of directors (the “**Directors**”) of Strong Petrochemical Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) wishes to provide further information to the shareholders and potential investors of the Company in addition to the information disclosed in its annual report for the year ended 31 December 2019 (the “**2019 Annual Report**”).

Reference is made to the 2019 Annual Report and the Company’s announcements dated 17 July 2017 and 28 June 2018 (the “**Announcements**”) respectively in relation to the subscription of 353,603,681 new Shares under the General Mandate and the actual use of proceeds from the Subscription. Unless the context requires otherwise, terms used in this announcement shall have the same meanings as those defined in the Announcements.

ACTUAL USE OF PROCEEDS FROM THE SUBSCRIPTION

As disclosed in the Announcements, the net proceeds of the Subscription, after deduction of the relevant expenses, amounted to approximately HK\$232,571,000. The Subscription Proceeds were intended to be used for general working capital of the Group and funds for supporting suitable investment opportunities in the business development of the Group.

As at 31 December 2017, approximately HK\$78,000,000 of the Subscription Proceeds were used for acquiring 49.3% of the equity interest of GSR GO Scale Capital Advisors, Ltd., a company which is principally engaged in the management and investment in funds. Details of such acquisition was disclosed in the Company's announcement dated 7 September 2017.

Up to 31 December 2019, the remaining amount of the Subscription Proceeds of approximately HK\$154,571,000 has been fully utilised as general working capital as intended by the Group, with breakdown as follows:

	For the year ended 31 December 2018 <i>HK\$'000</i>	For the year ended 31 December 2019 <i>HK\$'000</i>	Total utilised up to 31 December 2019 <i>HK\$'000</i>	% of net proceeds utilised up to 31 December 2019 %
Distribution and selling expenses	33,566	51,602	85,168	55.1
Administrative expenses				
- Directors' emoluments	240	240	480	0.3
- Salaries, bonus and other allowances	27,520	23,394	50,914	33.0
- Legal and professional fee	5,562	4,530	10,092	6.5
- Brokerage commission	4,335	3,582	7,917	5.1
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Total	71,223	83,348	154,571	100.0

RELATED PARTY TRANSACTIONS

The Board wishes to provide further information on the 2019 Annual Report pursuant to Rule 14A.72 of the Listing Rules. The related party transactions disclosed in note 38 to the consolidated financial statements of the 2019 Annual Report including those relating to the compensation of key management personnel are fully exempted from the connected transaction requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1) of the Listing Rules.

The Board confirmed that the above additional information does not affect other information contained in the 2019 Annual Report.

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

Hong Kong, 21 July 2020

As at the date of this announcement, the Board comprises two executive directors and three independent non-executive directors. The executive directors are Mr. Wang Jian Sheng and Mr. Yao Guoliang. The independent non-executive directors are Ms. Cheung Siu Wan, Dr. Chan Yee Kwong and Mr. Deng Heng.

** For identification purpose only*