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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009

The board of directors (the "Board") of Strong Petrochemical Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2009 as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
	NOTES	**2009**	**2008**
		HK$'000	*HK$'000*
Revenue	4	5,992,151	4,211,182
Cost of sales		(5,820,225)	(4,103,013)
Gross profit		171,926	108,169
Other income	5	4,297	19,040
Fair value changes on derivative financial instruments		207,465	(3,667)
Fair value changes on held for trading investments		(3,872)	(2,635)
Administrative and other expenses		(42,501)	(24,420)
Finance costs		(3,912)	(2,985)
Share of loss of an associate		(204)	—
Profit before taxation		333,199	93,502
Taxation	6	(3,725)	(811)
Profit for the year	7	329,474	92,691
Dividends	8	226,200	109,200
Earnings per share - basic (HK$)	9	1.02	0.31

CONSOLIDATED BALANCE SHEET

	NOTES	As at 31 March 2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		8,348	19,731
Prepaid lease payments		20,876	21,302
Available-for-sale investments		392	1,592
Bank structured deposit		17,496	17,271
Interest in an associate		50,420	49,789
		97,532	109,685
Current assets			
Prepaid lease payments		435	—
Trade and bills receivables	10	460,747	63,027
Other receivables, deposits and prepayments		3,740	6,003
Amount due from an oil trading company		5,528	—
Tax recoverable		—	4,565
Held for trading investments		—	9,327
Deposits placed with brokers		75,289	22,606
Pledged bank deposits		41,476	15,677
Bank balances and cash		228,149	80,996
		815,364	202,201
Current liabilities			
Trade and bills payables	11	280,090	3,928
Other payables and accruals		16,656	10,500
Derivative financial instruments		29,636	—
Dividend payable		—	53,313
Tax payable		12,405	9,540
		338,787	77,281
Net current assets		476,577	124,920
Total assets less current liabilities		574,109	234,605
Equity			
Share capital		40,000	78
Reserves		534,109	234,527
Total equity		574,109	234,605

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

1. GROUP RESTRUCTURING AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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. Its parent and ultimate holding company is Forever Winner International Limited ("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.

Pursuant to the corporate reorganisation ("Corporate Reorganisation") to rationalise the structure of the Group in preparation for the Listing, the Company became the holding company of the Group on 28 November 2008 by issuing shares in exchange for the entire share capital of Wide Sea International Limited ("Wide Sea"). Details of the Corporate Reorganisation were set out in the prospectus dated 23 December 2008 issued by the Company.

The shares of the Company have been listed on the Stock Exchange since 12 January 2009 ("Listing Date").

The Corporate Reorganisation completed on 28 November 2008 was regarded as a reorganisation of companies under common control which was undertaken to intersperse the Company and Wide Sea between Forever Winner and Santron Holdings Limited. Accordingly, the entities comprising the Group are regarded as continuing entities. The consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement are prepared using merger accounting as if the group structure immediately after the Corporate Reorganisation had been in existence throughout the two years ended 31 March 2009, or since the respective dates of incorporation/establishment of the relevant entity, where this is a shorter period. The consolidated balance sheet as at 31 March 2008 presents the assets and liabilities of the companies comprising the Group which had been incorporated/established as at 31 March 2008 as if the group structure immediately after the Corporate Reorganisation had been in existence on 31 March 2008.

The Group's principal operations are conducted in the Hong Kong and Macao. The functional currency of the Company and most of its subsidiaries is United States Dollar ("US$"), as the Group mainly trade in US$ 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. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

3. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with those followed in the preparation of the Accountants Report included in the prospectus of the Company dated 23 December 2008.

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) - INT 12	Service concession arrangements
HK(IFRIC) - INT 14	HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.

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

HKFRSs (Amendments)	Improvements to HKFRSs [1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 [2]
HKAS 1 (Revised)	Presentation of financial statements [3]
HKAS 23 (Revised)	Borrowing costs [3]
HKAS 27 (Revised)	Consolidated and separate financial statements [4]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [3]
HKAS 39 (Amendment)	Eligible hedged items [4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate [3]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [3]
HKFRS 3 (Revised)	Business combinations [4]
HKFRS 7 (Amendment)	Improving disclosures about financial instruments [3]
HKFRS 8	Operating segments [3]
HK(IFRIC) - INT 9 & HKAS 39 (Amendments)	Embedded derivatives [5]

HK(IFRIC) - INT 13	Customer loyalty programmes [6]
HK(IFRIC) - INT 15	Agreements for the construction of real estate [3]
HK(IFRIC) - INT 16	Hedges of a net investment in a foreign operation [7]
HK(IFRIC) - INT 17	Distributions of non-cash assets to owners [4]
HK(IFRIC) - INT 18	Transfers of assets from customers [8]

[1] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

[2] Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January, 2010, as appropriate

[3] Effective for annual periods beginning on or after 1 January 2009

[4] Effective for annual periods beginning on or after 1 July 2009

[5] Effective for annual periods ending on or after 30 June 2009

[6] Effective for annual periods beginning on or after 1 July 2008

[7] Effective for annual periods beginning on or after 1 October 2008

[8] Effective for transfers on or after 1 July 2009

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other and revised new standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. 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 single business segment of sales of petroleum products and crude oil for the year. The directors consider that these activities constitute one business segment since these activities are related and are subject to similar risks and rewards. In addition, the revenue from sales of petrochemical products constituted less than 10% of the total revenue. Accordingly, no analysis by business segment is presented.

The directors of the Company report the geographical segments by location of oil trading companies of the Group, which are mainly located in Hong Kong, Macao and the People's Republic of China (PRC excluding Hong Kong and Macao), as the Group's primary segment information.

The following tables provide an analysis of the Group's results, assets and liabilities by geographical segments based on location of the oil trading companies of the Group:

Consolidated income statement for the year ended 31 March 2009

	Hong Kong	**Macao**	**PRC**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	996,242	4,995,909	—	5,992,151
Segment result	38,961	340,609	—	379,570
Unallocated corporate expenses				(42,501)
Other income				4,118
Share of loss of an associate	—	—	(204)	(204)
Fair value changes on held for trading investments				(3,872)
Finance costs				(3,912)
Profit before taxation				333,199
Taxation				(3,725)
Profit for the year				329,474

Consolidated balance sheet as at 31 March 2009

	Hong Kong	**Macao**	**PRC**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS				
Segment assets	38,603	431,471	28,534	498,608
Interest in an associate	—	—	50,420	50,420
Unallocated corporate assets				363,868
				912,896
LIABILITIES				
Segment liabilities	31,213	291,762	2,113	325,088
Unallocated corporate liabilities				13,699
				338,787

Other information for the year ended 31 March 2009

	Hong Kong	**Macao**	**PRC**	**Unallocated**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amortisation of prepaid lease payments	—	—	435	—	435
Additions of property, plant and equipment	53	2	5,893	—	5,948
Depreciation of property, plant and equipment	33	154	8	262	457
Loss on disposal of property, plant and equipment	1	2	—	—	3
Fair value changes on derivative financial instruments	78,966	128,499	—	—	207,465

Consolidated income statement for the year ended 31 March 2008

	Hong Kong	**Macao**	**PRC**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	1,298,751	2,912,431	—	4,211,182
Segment result	15,939	93,305	—	109,244
Unallocated corporate expenses				(24,420)
Other income				14,298
Fair value changes on held for trading investments				(2,635)
Finance costs				(2,985)
Profit before taxation				93,502
Taxation				(811)
Profit for the year				92,691

Consolidated balance sheet as at 31 March 2008

	Hong Kong	Macao	PRC	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS				
Segment assets	771	64,606	22,423	87,800
Interest in an associate	—	—	49,789	49,789
Unallocated corporate assets				174,297
				311,886
LIABILITIES				
Segment liabilities	1,173	9,447	1,008	11,628
Unallocated corporate liabilities				65,653
				77,281

Other information for the year ended 31 March 2008

	Hong Kong	Macao	PRC	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Additions of property, plant and equipment	24	—	1,038	—	1,062
Depreciation of property, plant and equipment	191	229	4	607	1,031
Loss on disposal of property, plant and equipment	3	—	—	—	3
Fair value changes on derivative financial instruments	—	(3,667)	—	—	(3,667)

The Group has contracted with customers which are located in different countries, but the products sold were substantially delivered to the PRC, the ultimate location of market. Accordingly, no analysis of revenue by geographical segment based on location of customers is presented.

5. OTHER INCOME

	2009	2008
	HK$'000	*HK$'000*
Bank interest income	3,502	12,627
Demurrage charges received	—	1,227
Insurance claims received	—	3,500
Increase in fair value on bank structured deposit	225	1,671
Dividend income from listed securities in Hong Kong	377	—
Others	193	15
	4,297	19,040

6. TAXATION

	2009	2008
	HK$'000	*HK$'000*
Current tax of Hong Kong Profits Tax	3,640	811
Underprovision of Hong Kong Profits Tax in prior year	85	—
	3,725	811

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/09. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) on the estimated assessable profit for the year.

No provision for PRC Enterprise Income Tax was provided for the Group's PRC subsidiary as the PRC subsidiary has no assessable profit for both years.

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.

The taxation for the year can be reconciled to the profit before taxation per the consolidated income statements as follows:

	2009	2008
	HK$'000	*HK$'000*
Profit before taxation	333,199	93,502
Tax at applicable Hong Kong Profits Tax rate of 16.5% (2008: 17.5%)	54,978	16,363
Tax effect of income not taxable for tax purposes	(294)	(1,327)
Tax effect of expenses not deductible for tax purposes	2,820	1,209
Effect of tax exemption granted to Macao subsidiary	(53,898)	(15,701)
Effect of tax losses not recognised	—	267
Tax effect of share of loss of an associate	34	—
Underprovision in respect of prior year	85	—
Taxation for the year	3,725	811

As at 31 March 2009, the Group has unused tax losses of nil (2008: HK$1,526,000) available for offset against future profits. No deferred tax asset as at 31 March 2008 has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The unused tax losses as at 31 March 2008 may be carried forward indefinitely and was derived from a subsidiary which was disposed of during 2009.

There was no significant unprovided deferred taxation for the year or at the balance sheet date.

7. PROFIT FOR THE YEAR

Profit for the year is arrived after charging:

	2009	2008
	HK$'000	*HK$'000*
Auditor's remuneration	1,018	510
Amortisation of prepaid lease payments	435	—
Depreciation of property, plant and equipment	457	1,031
Net foreign exchange losses	925	17
Listing expenses	10,500	5,958
Loss on disposal of property, plant and equipment	3	3
Operating lease rentals in respect of an oil tanker and rented premises	14,189	19
Staff costs		
Directors' emoluments	1,333	780
Salaries, bonus and other allowances	8,600	4,155
Retirement benefits scheme contributions	100	71
	10,033	5,006

8. DIVIDENDS

The dividends for the year represent the interim dividends of US$29,000,000 (equivalent to approximately HK$226,200,000) (2008: US$14,000,000 (equivalent to approximately HK$109,200,000)) declared by Santron Holdings Limited, the then holding company of the Group to the shareholders.

No final dividend was paid or proposed during the year ended 31 March 2009 nor has any dividend been proposed since the balance sheet date (2008: nil).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share for each of the two years ended 31 March 2009 and 2008 is based on the consolidated profit attributable to equity holders of the Company for the respective years and on the number of shares as follows:

	2009	**2008**
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (*note*)	321,643,836	300,000,000

Note: The weighted average number of shares for the purpose of calculating basic earnings per share for each of the two years ended 31 March 2009 and 2008 is based on the assumption that the 20,000,000 shares issued and outstanding upon the Corporate Reorganisation had been in issue as at beginning of the respective years and also has been adjusted for the 280,000,000 shares issued pursuant to the capitalisation issue.

There was no diluted earnings per share for both years as there were no potential ordinary shares in issue during the years.

10. TRADE AND BILLS RECEIVABLES

The following is an aged analysis of trade and bills receivables at the balance sheet date:

	2009	**2008**
	HK$'000	*HK$'000*
Trade receivables:		
0 to 30 days	373,866	63,027
31 to 60 days	50,797	—
61 to 90 days	26,317	—
Bills receivables		
31 to 60 days	9,767	—
	460,747	63,027

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 balance sheet dates.

11. TRADE AND BILLS PAYABLES

The aged analysis of trade and bills payables is stated as follows:

	2009 *HK$'000*	2008 *HK$'000*
Trade payables:		
0 to 30 days	160,517	3,928
61 to 90 days	29,140	—
91 to 180 days	464	—
Bills payables:		
0 to 30 days	89,969	—
	280,090	3,928

The credit period on purchase of goods is 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

The Group is principally engaged in the trading of oil products. Over 86.7% of the Group's revenue is generated from trading of crude oil for the year 2008/09 (79.0% for the year 2007/08). The remaining revenue is generated from trading of petroleum products and petrochemical products. The Group is also extending its business operation to petroleum and petrochemical product storage operation.

BUSINESS REVIEW

Demand in PRC

In the 2nd and 3rd quarter of 2008, the crude oil price reached the record high of US$141 per barrel, then fell sharply by US$100 and later settled around US$40 per barrel since the 4th quarter of 2008. The sudden drop in oil price led to a surge in demand over the PRC market. The Group's revenue was driven up by such demand surge. The revenue of the Group was approximately HK$5,992.2 million. It has increased by approximately HK$1,781.0 million when comparing with HK$4,211.2 million for the year 2007/08.

Bank Facilities

The global credit crunch resulted from the financial tsunami since September 2008 had caused corporations around the world difficulties in securing their credit facilities. However, the Group was left intact and not adversely affected by such credit-tightening measures. The total credit facilities granted has increased by approximately HK$835 million from HK$1,716 million as at 31 March 2008 to HK$2,551 million as at 10 July 2009. The increase of credit facilities of the Group not only elevated the trading capability of the Group, it also represents confidence from the financial institutions to the Group, and henceforth the soundness of the Group's financial position.

Acquisition of Vessel

Subsequent to 31 March 2009, pursuant to a vessel purchase agreement dated 20 April 2009, the Group completed the acquisition of an oil tanker from an independent third party on 29 June 2009. The vessel is a single hulled oil tanker built on 1988 with a gross tonnage of approximately 142,639 metric tons and deadweight of 265,243 metrics tons. Currently, the Group intends to use approximately 2/3 of the oil tanker's capacity as a floating storage facility for self storage of oil products. The remaining capacity will be leased out to external customers. The Group can save storage expenses for self storage, broaden the revenue base and strengthen customers' relationships by providing value added services.

Financial Review

Revenue

		Year ended 31 March					
		2009			2008		
Products	**Units**	**Number of shipment**	**Sales quantity**	**Turnover**	**Number of shipment**	**Sale quantity**	**Turnover**
				HK$ million			*HK$ million*
Crude oil	BBL	21	8,174,456	5,197.9	13	5,557,849	3,327.1
Petroleum products	BBL	4	578,788	661.9	9	1,400,419	776.4
Petrochemical product	MT	7	22,908	132.4	4	14,897	107.7
Total		32		5,992.2	26		4,211.2

The revenue from trading of crude oil for the year 2008/09 had reached a record high of approximately HK$5,197.9 million which was 56.2% more than previous year. The increase was mainly due to the surge in demand for crude oil from the Group's customers in PRC. The quantity of crude oil sold amounted to 8.2 million BBL which was 2.6 million BBL more than previous year.

The revenue from trading of petroleum products for the year 2008/09 was approximately HK$661.9 million which was decreased by 14.7% when comparing with previous year. The decline was attributable to the decrease of demand of petroleum products from the Group's customers in PRC.

The revenue from trading of petrochemical product for the year 2008/09 was HK$132.4 million. It has been increased by 22.9% when comparing with previous year. With continuous effort in developing the petrochemical market, the Group has expanded its customer base and revenue sources to Asia region as well.

Cost of Sales

The cost of sales of the Group for the year 2008/09 was approximately HK$5,820.2 million, representing a 41.9% increase (approximately HK$1,717.2 million) when compared to HK$4,103.0 million in the year 2007/08. Its increase was in line with the increase in revenue.

Gross Profit

Gross profit increased from HK$108.2 million for the year 2007/08 to HK$171.9 million for the year 2008/09 which was approximately 58.9%.

Other Income

Other income for the year 2008/09 was approximately HK$ 4.3 million, which was decreased by HK$14.7 million when comparing with HK$19.0 million in the year 2007/08. Such decrease was mainly attributable to the decrease in bank interest income, insurance claims received and demurrage charges received.

Fair Value Changes on Derivative Financial Instruments

The Groups has engaged in trading in derivative financial instrument. The sole purpose of hedging activities is to minimize the price risk exposure of each trade and reduce the fluctuation in the operating results.

The aggregate gain from trading in derivative financial instruments was approximately HK$207.5 million for the year 2008/09.

Fair value changes on derivative financial instruments represent the follows:

(i) The recognition of realized/unrealized gain/(loss) for the year arising from the financial instruments held on hand as at each balance sheet date; and

(ii) The recognition of realized gain/(loss) for the year arising from the trading of derivative financial instruments for hedged shipments; and

(iii) The recognition of realized gain/(loss) from trading of derivative financial instrument for unsuccessful shipments with derivative contracts.

The following table sets forth the breakdown of fair value changes on derivative financial instruments:

	Year ended 31 March			
	2009		2008	
	HK$'000	*No. of shipment*	*HK$'000*	*No. of shipment*
Realised/unrealized loss arising from derivative financial instruments held on hand as a balance sheet date	(24,107)	5	—	—
Gain/(loss) from trading in derivative financial instruments for hedged shipment	234,468	24	(6,655)	16
(Loss)/gain from trading in derivative financial instruments for unsuccessful shipment with derivative contracts	(2,896)	5	2,988	2
Total	207,465		(3,667)	

Fair Value Changes on Held for Trading Investments

The fair value changes on held for trading investments was approximately HK$3.9 million for the year 2008/09. It represented the change in market value of the listed securities which was held by Strong Property Limited, a subsidiary which was disposed entirely by the Group during the corporate reorganisation process on 28 November 2008.

Administrative and Other Expenses

Administrative and other expenses for the year 2008/09 was approximately HK$42.5 million, representing an increase of 74.2% when comparing with HK$24.4 million in the year 2007/08. Operating lease rentals and the listing expenses are the major contribution for the increase in administrative and other expenses.

Finance Costs

Finance costs for the year 2008/09 was approximately HK$3.9 million, which was increased by 30.0% from HK$3.0 million in the year 2007/08. The increase in finance costs was in line with the growth in revenue.

Share of Loss of an Associate

Share of loss of an associate for the year 2008/09 was approximately HK$0.2 million, representing a 15% loss incurred by the Group's associate - Sinochem Tianjian Port Petrochemical Terminal Co., Ltd.

Taxation

Taxation for the year 2008/09 was approximately HK$3.7 million, representing an increase of approximately HK$2.9 million when comparing with HK$0.8 million in the year 2007/08. The increase in taxation was mainly attributable to the increase in assessable profits generated from the Group's Hong Kong subsidiary – Strong Petrochemical Limited.

Profit for The Year

Profit for the year 2008/09 was approximately HK$329.5 million, representing an increase of HK$236.8 million when comparing with HK$92.7 million in the year 2007/08.

Utilization of IPO Proceeds

The net proceeds from the Share Offer after deducting the relevant listing expenses were approximately HK$218.3 million. Up to 10 July 2009, the net proceeds were utilised in the following manner:

	Use of proceeds per Prospectus	**Total utilised amount up to 10 July 2009**	
	HK$ million	*HK$ million*	*%*
Construction of Nantong project	106.2	—	—
Pledged bank deposits	46.8	46.8	100
Investment in Tianjian project	43.5	—	—
Working capital	21.8	21.8	100
Total	**218.3**	**68.6**	**31**

On 14 January 2009, the Group had fully paid the registered capital of US$5 million of Strong Petrochemical (Nantong) Logistics Co., Ltd. Up to now in Nantong project, the Group incurred total capital expenditure of approximately RMB26.2 million, where works in respect of piling, tank base setting and pipeline construction were completed. In order to maintain its competitive edge in the current environment, the management is closely monitoring the market trend and to build and develop storage facilities that meet the current market needs. The management intends to provide comprehensive storage service to its potential customers and to ensure the project's future cash inflow. The schedule of Nantong project is being reviewed and reassessed by the management.

The pledged bank deposits of approximately HK$46.8 million has been injected to the Group's bank account in order to facilitate additional letter of credit issuance.

The first phase construction of Tianjin project had commenced, where works on land piling and tank base setting were completed and approximately one-third of backfilling was done. Since the date of the Prospectus, the Group had not further injected capital to Sinochem Tianjin Port Petrochemical Terminal Co., Ltd. as it has sufficient capital for the first phase construction. The Group's total investment in the Tianjin project up to 10 July 2009 was RMB45.0 million.

Working Capital of approximately HK$21.8 million has been injected to the Group's bank accounts and is available for use.

Liquidity and Financial Resource

The banking facilities as at 31 March 2009 amounted to US$247 million (equivalent to HK$1,927 million), which was increased by US$27 million when comparing with US$220 million (equivalent to HK$1,716 million) as at 31 March 2008. Save for the Group's bills payable of approximately HK$90 million, the Group had no other bank overdraft and bank borrowing as at 31 March 2009. The major source of funding for the Group was cash flow generated from operation. Net cash inflow from operating activities for the year ended 31 March 2009 was approximately HK$247.3 million, which was increased by HK$242.3 million. Net cash used in investing activities was approximately HK$55.6 million and was used as pledged bank deposit and deposits placed with brokers. The main financing activities were payment of dividend of HK$279.5 million and the receipt of proceeds from IPO of HK$250.0 million.

Dividends

An interim dividend of US$29 million (equivalent to approximately HK$226.2 million) was declared by Santron Holdings Limited, the then holding company of the Group to the shareholders during the year 2008/09.

No final dividend will be paid or proposed for the year 2008/09.

Charges of Assets and Contingent Liabilities

As at 31 March 2009, the Group's banking facilities were secured by pledged deposits of approximately HK$41.5 million and properties owned by us. As at 31 March 2009, the Group had no significant contingent liabilities.

Assets and Liabilities

Total assets of the Group as at 31 March 2009 were approximately HK$912.9 million, representing an increase of HK$601.0 million when comparing with HK$311.9 million in the year 2007/08. Total liabilities as at 31 March 2009 were approximately HK$338.8 million which was increased by HK$261.5 million when comparing with HK$77.3 million in the year 2007/08. Total equity of the Group increased by 144.7% to HK$574.1 million which was attributable to the net profit for the year as well as the net proceeds from IPO.

Foreign Exchange Exposure

The functional currencies of the Group are denominated in US dollars. The reporting currencies are denominated in Hong Kong Dollars. Since the exchange rate of US dollars against Hong Kong dollars is relatively stable during the year, the exposure on foreign exchange is minimal.

Capital Commitments

The Group had authorized but not contracted for the capital expenditure of approximately RMB94.3 million in respect of the construction of the petroleum and petrochemical products storage facilities on the two leasehold land parcel acquired in Nantong, Jiangsu Province, the PRC.

Pursuant to minutes of the board of directors of Sinochem Tianjin Port Petrochemical Terminal Co., Ltd. dated 28 February 2008, the shareholders of the Group's associate agreed to increase the total registered share capital of the Group's associate from RMB300 million to RMB628 million. Accordingly, the Group is required to pay an additional contribution of approximately RMB49.2 million on pro rata basis by June 2009 or other time approved by the relevant government authorities. Up to 10 July 2009, the additional contribution of RMB49.2 million has yet been paid.

Post Balance Sheet Event – Major Acquisition

Subsequent to the year ended 31 March 2009, on 20 April 2009, Perlama Corporation, an indirectly wholly-owned subsidiary of the Company, entered into a legally binding vessel purchase agreement with an independent third party for the acquisition of an oil tanker for a consideration of US$24 million (approximately HK$187.2 million). The acquisition was completed on 29 June 2009.

PROSPECT

Despite the recent global financial crisis, it is expected that the PRC's economy will outperform countries from other major economies. With the RMB4 trillion catalyst from the central government, it is believed that PRC's economy will recover at a much faster pace and the demand for oil products will continue to increase.

To take advantage of the above trends, the Group will continue to strengthen its sales and market intelligence capabilities by (i) closely monitoring the oil and petroleum markets' development; (ii) obtaining an in-depth understanding of existing and potential customer needs, behavior and trends; and (iii) strengthening its existing relationships with key customers and broadening its customer base by seeking new customers, in particular, overseas customers and non-state-owned import agents in the PRC.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 August 2009 to 18 August 2009, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 10:00 a.m. on 14 August 2009.

EMPLOYMENT AND REMUNERATION POLICY

The Group employed 22 employees in total as at 31 March 2009. The Group implemented its remuneration policy, bonus and share option schemes based on the achievements and performance of employees.

SHARE OPTION SCHEME

On 28 November 2008, the Company adopted a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the growth of the Group. Eligible participants of the Scheme include, without limitation, employees, directors and any other eligible persons of the Group. Up to 31 March 2009, no share option has been granted or agreed to be granted to any person under the Scheme.

On 7 May 2009, the Company granted 40,000,000 share options to the eligible paticipants under the Scheme.

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the listed securities of the Company during the period commencing on the Listing Date to 31 March 2009.

AUDIT COMMITTEE

An audit committee has been established by the Company to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee has reviewed the annual results of the Group for the year 2008/09. The audit committee comprises all of the three independent non-executive directors, namely Mr. Lau Hon Kee (Chairman), Mr Zhu Yao Bin, and Ms Lin Yan.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 March 2009 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 HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

CORPORATE GOVERNANCE

Compliance with Code on Corporate Governance Practices

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules") during the period commencing on the Listing Date to 31 March 2009.

Compliance with Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors of the Company, all directors have confirmed that they had complied with the required standard set out in the Model Code during the period commencing on the Listing Date to 31 March 2009.

PUBLICATION OF ANNUAL RESULTS

The annual results announcement is published at the websites of The Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (http://www.strongpetrochem.com). The annual report will be dispatched to Shareholders and published at the websites of The Hong Kong Exchanges and Clearing Limited and the Company in due course.

By order of the Board
Strong Petrochemical Holdings Limited
Wang Jian Sheng
Chairman

Hong Kong, 10 July 2009

As at the date of this announcement, the executive Directors are Mr. WANG Jian Sheng, Mr. YAO Guoliang and Mr. WONG Wing and the independent non-executive Directors are Mr. ZHU Yao Bin, Mr. LAU Hon Kee and Ms. LIN Yan.

* *for identification purpose only*