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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 2011

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 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTES	**Year ended 31 March 2011** *HK$'000*	**2010** *HK$'000*
Revenue	4	7,890,665	5,713,234
Cost of sales		(7,526,503)	(5,278,498)
Gross profit		364,162	434,736
Other income	5	5,654	34,649
Fair value changes on derivative financial instruments		(112,019)	(115,319)
Distribution and selling expenses		(81,841)	(87,543)
Administrative expenses		(45,346)	(39,103)
Other expenses		(1,603)	(17,312)
Finance costs		(23,047)	(12,260)
Share of loss of an associate		(954)	(598)
Profit before taxation		105,006	197,250
Taxation (charge) credit	6	(2,686)	4,347
Profit for the year	7	102,320	201,597
Other comprehensive income			
Exchange difference arising on translation		6,889	721
Total comprehensive income for the year		109,209	202,318
Earnings per share	9		
– basic (HK$)		0.06	0.13
– diluted (HK$)		0.06	0.12

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
	NOTES	**2011**	**2010**
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		157,218	180,028
Prepaid lease payments		21,114	20,666
Available-for-sale investments		392	392
Bank structured deposit		19,579	19,014
Interests in associates		134,847	110,950
Deferred tax asset		4,358	4,358
		337,508	335,408
Current assets			
Inventories		1,024,350	366,757
Prepaid lease payments		459	440
Trade receivables	10	437,800	632,238
Other receivables, deposits and prepayments		21,204	10,935
Tax recoverable		3,651	2,738
Deposits placed with brokers		63,372	128,936
Pledged bank deposits		15,610	57,642
Bank balances and cash		400,866	152,605
		1,967,312	1,352,291
Current liabilities			
Trade and bills payables	11	667,471	369,353
Other payables and accruals		22,286	25,425
Bank borrowings		727,253	463,414
Derivative financial instruments		34,436	50,824
Tax payable		4,749	9,540
		1,456,195	918,556
Net current assets		511,117	433,735
Total assets less current liabilities		848,625	769,143
Equity			
Share capital		40,292	40,147
Reserves		800,856	728,996
Total equity		841,148	769,143
Non-current liability			
Deferred tax liability		7,477	—
		848,625	769,143

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

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 principal activities of the Company's subsidiaries are trading of crude oil, petroleum and petrochemical products.

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. BASIS OF PREPARATION

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 (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

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

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

New and revised standards, amendments and interpretations applied in current year

In the current year, the Group has applied the following new and revised standards, amendments and interpretations issued by the HKICPA.

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 32 (Amendments)	Classification of rights issues
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) - INT 17	Distributions of non-cash assets to owners
HK - INT 5	Presentation of financial statements - Classification by the borrower of a term loan that contains a repayment on demand clause

The application of the new and revised standards, amendments and interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

New and revised standards, amendments and interpretations issued but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures - Transfers of financial assets[3]
HKFRS 9	Financial instruments[4]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[5]
HKAS 24 (as revised in 2009)	Related party disclosures[6]
HK(IFRIC) - INT 14 (Amendments)	Prepayments of a minimum funding requirement[6]
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments[2]

[1] Amendments that are effective for accounting periods beginning on or after 1 July 2010 or 1 January, 2011, as appropriate.
[2] Effective for accounting periods beginning on or after 1 July 2010.
[3] Effective for accounting periods beginning on or after 1 July 2011.
[4] Effective for accounting periods beginning on or after 1 January 2013.
[5] Effective for accounting periods beginning on or after 1 January 2012.
[6] Effective for accounting periods beginning on or after 1 January 2011.

HKFRS 9 "Financial instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at either 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 accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. 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 presentation 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. Previously, 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.

HKFRS 9 is effective for accounting periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that the application of HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2014 is expected to affect the classification and measurement of the Group's available-for-sale investments.

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

In addition to the above, the HKICPA issued the following new and revised standards on 24 June 2011.

HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures

These new or revised standards are mandatorily effective for annual periods beginning on or after 1 January 2013. Early application is permitted. However, excluding HKFRS 13, if an entity chooses to apply any of the other five new or revised standards early, it must apply all five at the same time. The directors anticipate these standards will be adopted in the Group's consolidated financial statements for the period beginning 1 April 2013. The directors have not yet had an opportunity to consider the potential impact of the adoption of these standards.

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 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 constitute one operating segment for the purpose of segment information presentation under HKFRS 8.

Though the management plans to develop an 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 2011. The Group's revenue 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 revenue 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:

	2011	**2010**
	HK$'000	*HK$'000*
Crude oil	5,495,834	5,140,920
Petroleum products	1,541,772	262,215
Petrochemical products	853,059	310,099
	7,890,665	5,713,234

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	
	2011	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	143,492	—	118	177
Macau	—	—	1,257	1,348
PRC	3,765,614	4,735,783	30,000	28,699
Malaysia*	2,978,602	227,483	146,957	170,470
Indonesia	504,705	—	—	—
Korea	255,533	361,007	—	—
Other Southeast Asia countries	242,719	388,961	—	—
	7,890,665	5,713,234	178,332	200,694

* 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, available-for-sale investments and bank structured deposit) and deferred tax asset.

Information about major customers

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

	2011	**2010**
	HK$'000	HK$'000
Customer A	1,984,652	—*
Customer B	796,597	—*
Customer C	791,215	—*
Customer D	—*	2,057,240
Customer E	—*	1,045,393
Customer F	—*	906,256

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

5. OTHER INCOME

	2011	2010
	HK$'000	*HK$'000*
Rental income from leasing car parking spaces and unutilised storage area of the self-owned vessel	2,976	30,635
Bank interest income	259	217
Service income	538	2,279
Increase in fair value on bank structured deposit	565	1,518
Others	1,316	—
	5,654	34,649

6. TAXATION CHARGE (CREDIT)

	2011	2010
	HK$'000	*HK$'000*
(Over)underprovision in prior years:		
Hong Kong Profits Tax	—	11
PRC Enterprise Income Tax	(4,791)	—
	(4,791)	11
Deferred tax	7,477	(4,358)
	2,686	(4,347)

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.

No provision for PRC Enterprise Income Tax was provided for the Group's PRC subsidiaries as the PRC subsidiaries have 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) is exempted from Macao Complementary Tax.

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

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

	2011	**2010**
	HK$'000	*HK$'000*
Profit before taxation	105,006	197,250
Tax at applicable Hong Kong Profits Tax rate of 16.5% (2010: 16.5%)	17,326	32,546
Tax effect of income not taxable for tax purposes	(108)	(265)
Tax effect of expenses not deductible for tax purposes	493	868
Effect of tax exemption granted to Macao subsidiary	(20,849)	(38,337)
Tax effect of share of loss of an associate	157	99
Tax effect of tax losses and other temporary difference not recognised	5,183	731
Tax effect of deductible temporary difference previously not recognised	5,275	—
(Over)underprovision in respect of prior years	(4,791)	11
Taxation for the year	2,686	(4,347)

7. PROFIT FOR THE YEAR

	2011	2010
	HK$'000	*HK$'000*
Profit for the year is arrived after charging (crediting):		
Auditor's remuneration	1,320	1,400
Amortisation of prepaid lease payments (included in other expenses)	449	438
Depreciation of property, plant and equipment		
Vessel (Note)	23,513	17,635
Others	218	215
Net foreign exchange losses	702	183
Loss (gain) on disposal of property, plant and equipment	1	(9)
Operating lease rentals in respect of oil storage facilities, a vessel and rented premises	1,494	16,697
Directors' emoluments	2,192	4,229
Other staff costs		
Salaries, bonus and other allowances	10,824	9,844
Retirement benefits scheme contributions	278	146
Share-based payments	698	2,873
	13,992	17,092
Write-down of inventories (included in cost of sales)	—	9,145
Cost of inventories recognised as expense (included in cost of sales)	7,449,961	5,171,911
Share-based payments to outsiders (included in distribution and selling expenses)	7,641	31,513

Note: As one-third of the vessel was leased out for rental income from 29 June 2009 to 30 April 2010, the respective depreciation of vessel amounting to HK$653,000 (2010: HK$5,878,000), together with the attributable operating costs of the vessel, was included in other expenses. The remaining amount of HK$22,860,000 (2010: HK$11,757,000), together with the attributable operating costs of the vessel, was included in distribution and selling expenses.

8. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2011 Interim - nil (2010: 2010 interim dividend HK3 cents) per share	—	48,139
2010 Final - HK3 cents (2010: 2009 final dividend: nil)	48,389	—
	48,389	48,139

No dividend has been proposed since the end of the reporting period (2010: HK3 cents).

9. EARNINGS PER SHARE

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

	2011	2010
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,610,448,472	1,602,546,466
Effect of dilutive potential ordinary shares:		
Share options	77,554,529	67,042,685
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,688,003,001	1,669,589,151

10. TRADE RECEIVABLES

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

	2011	2010
	HK$'000	*HK$'000*
0 to 30 days	437,800	632,238

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.

11. 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:

	2011	2010
	HK$'000	*HK$'000*
0 to 30 days	667,471	369,353

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.

MANAGEMENT DISCUSSION & ANALYSIS

Strong Petrochemical Holdings Limited and its subsidiaries is principally engaged in the trading of oil products. 69.7% of the Group's revenue is generated from trading of crude oil for the financial year ended 31 March 2011 ("FY 2010/11") (90.0% for the financial year ended 31 March 2010 ("FY 2009/10")). For FY 2010/11, the revenue generated from trading of petroleum products is approximately 19.5% (4.6% for FY 2009/10) and revenue generated from petrochemical products is approximately 10.8% (5.4% for FY 2009/10).

BUSINESS REVIEW

Surge in crude oil price

The Global economy has been recovering in 2010. The demand for primary resource – crude oil also increased. Such increase was due to the increase in crude oil consumption in the private sector as well as the public sector. The strong demand drove up the price of crude oil. The crude oil price is one of the major components in our price formula. Our average crude oil sales price per barrel has been increased by 23.5% which is approximately US$16.9 per barrel from US$71.8 to US$88.7. The surge in oil price did have a negative effect on our gross margin as the market information is getting more and more transparent. It narrows down our gross margin on each sale.

Trading business performance

During the year, crude oil trading has been decreased, our floating storage unit is not in full capacity all the time especially in the second half of the year. Some of the storage tanks required urgent repair and maintenance, the wear and tear is getting more serious as the floating storage unit getting older. Besides the crude oil trading, the Group has injected extra resources to broaden our trading business. Different varieties of petroleum and petrochemical products have been introduced into the trading mix. The main focus of the Group is to broaden our sales channels to Asian Countries for a stronger sales network. The revenue generated from petroleum products for FY 2010/11 has been increased by HK$1,279.6 million and the revenue generated from petrochemical products has been increased by HK$543.0 million.

Investment in Tianjin Port Sinochem Petrochemical Dock Co., Ltd

The Group hold 15% equity interest of Tianjin Port Sinochem Petrochemical Dock Co., Ltd. ("Tianjin Dock Project") through Smart Team Investments Limited. The revised total registered capital was approximately RMB139.4 million and has been fully paid by all shareholders during the year. The Tianjin Dock Project covers 26,451.80 m^2 of land and will build two berths with the capacities of 50,000 DWT and 10,000 DWT. The Tianjin Dock Project is adjacent to the Tianjin Storage Project. It provides logistic services to the Tianjin Storage Project. The construction of Tianjin Dock Project has been expedited to match with the completion of the Phase 1 construction of Tianjin Storage Project. The Tianjin Dock Project has been completed at the end of December 2010 and it is on trial run with the Tianjin Storage Project now.

Acquisition of 40% equity interest of Asia Sixth Energy Resources Limited

On 18 November 2010, the Group entered into a subscription agreement with The Sixth Energy Limited and Asia Sixth Energy Resources Limited ("Asia Sixth") allowing the Group to effectively own 24% in Aral Petroleum Capital LLP which was granted an exploration licence and production licence of crude oil in North Block in Aktobe Oblast in the Republic of Kazakhstan. The exploration licence covers an area of 3,449 km^2 with a series of exploration structures, the low, best and high estimate prospective recoverable resources are approximately 72.78 million barrels, 217.70 million barrels and 708.21 million barrels respectively. Meanwhile, the production licence covers a producing oil field, East Zhagabulak ("EZ field"), with 2 producing wells (EZ213 and EZ301). The estimated proved plus probable reserves (2P) for EZ field are approximately 6.23 million barrels. Up to the date of this report, the acquisition is yet to complete as certain conditions precedent of the Subscription have not been fulfilled. Accordingly all parties involved have agreed to extend the long stop date for completion to 20 July 2011 or any date mutually agreed in writing by all the parties. The investing public will be inform timely if there is any progress in relation to the acquisition.

RECENT EVENT

On 20 May 2011, the Company and Polaris Securities Co., Ltd. ("Polaris") entered into a service agreement, pursuant to which the Company has engaged Polaris as a financial adviser to provide financial advisory services to the Company in relation to the Proposed Taiwan Depositary Receipts ("TDR") Listing. The Board considers that the Proposed TDR Listing will further increase the liquidity for the Company's Shares and broaden and diversify the shareholder base of the Company. The Proposed TDR Listing will also increase public awareness of the Group and will promote the Group's corporate image in Taiwan. This will enhance the Group's competitiveness and benefit the Group's business development initiatives in Taiwan in the future. In addition, as at the date of this report, neither the Company nor the controlling shareholders of the Company has finalised any decision on the issuance of any new Shares, or placement of existing Shares of the Company, or the granting of option to issue new Shares of the Company. The Board will further inform the shareholders of the Company and the investing public from time to time on any major development on the Proposed TDR Listing.

FINANCIAL REVIEW

Revenue

		Year ended 31 March					
		2011			2010		
Products	**Units**	**Number of shipment**	**Sales quantity**	**Turnover** *HK$ million*	**Number of shipment**	**Sale quantity**	**Turnover** *HK$ million*
Crude oil	BBL	14	7,943,169	5,495.8	25	9,175,631	5,140.9
Petroleum products	BBL	8	2,507,935	1,541.8	3	495,832	262.2
Petrochemical products	MT	26	99,660	853.1	15	50,086	310.1
Total		48		7,890.7	43		5,713.2

Total revenue for FY 2010/11 was approximately HK$7,890.7 million which was increased by 38.1% when comparing with previous year.

Revenue generated from trading of crude oil for FY 2010/11 was approximately HK$5,495.8 million which was increased by 6.9%. Such increase in revenue with decrease in sales volume was mainly due to the surge in the average oil price during the year. The average oil price between FY 2009/10 and FY 2010/11 had increased by 23.5%.

Revenue generated from trading of petroleum products for FY 2010/11 was approximately HK$1,541.8 million which was almost 6 times of the previous year' revenue. Such increase was attributable to the effort made by Group to broaden the variety of petroleum product for sales.

Revenue generated from trading of petrochemical products for FY 2010/11 was approximately HK$853.1 million which was significantly increased by 175.1%. The increase was attributable to the continued expansion of the Group's petrochemical trading team as well as the increase in the varieties of petrochemical products.

Cost of Sales

The cost of sales of the Group for FY 2010/11 was approximately HK$7,526.5 million, representing a 42.6% increase (approximately HK$2,248.0 million) when compared to HK$5,278.5 million in FY 2009/10. Its increase was in line with the increase in revenue.

Gross Profit

Gross profit for FY 2010/11 has been decreased by HK$70.5 million, it is approximately HK$364.2 million (FY 2009/10: HK$434.7 million).

Other income

Other income for FY 2010/11 was approximately HK$5.7 million. It has been decreased by HK$28.9 million when comparing with HK$34.6 million in FY 2009/10. Such decrease was mainly attributable to the termination of rental income received from the floating storage unit. The floating storage unit has been retained for our own usage for the whole FY 2010/11.

Fair value Changes on Derivative Financial Instruments

The Group has engaged in trading in derivative financial instrument. The purposes of hedging activities are to minimize the price risk exposure of each trade and reduce the fluctuation in the operating results.

The trading in derivative financial instruments recorded a loss of approximately HK$112.0 million for FY 2010/11 (FY 2009/10: HK$115.3 million).

Distribution and selling expenses

The distribution and selling expenses for FY 2010/11 was approximately HK$81.9 million (FY 2009/10: HK$87.5 million), mainly reflect the costs to exploring new suppliers and customers and the operation of the floating storage unit, including a non cash share based payment of HK$7.6 million (FY 2009/10: HK$31.5 million).

Administration and other expenses

The total administrative and other expenses incurred by the Group for FY 2010/11 was approximately HK$47.0 million, compared to the total administrative and other expenses of HK$56.4 million in previous year. Administrative and other expenses for FY 2010/11 and FY 2009/10 mainly reflect costs to human resources and the running costs of the Group's operations in the Hong Kong, Macao and the PRC.

Finance Costs

The finance costs were mainly attributed by the short term credit facilities as well as bank charges. Financial costs for FY 2010/11 were approximately HK$23.0 million, which were increased by 87.0% from HK$12.3 million in FY 2009/10. During the year, the storage facilities available for use have been increased due to the expiry of storage rental agreement with external parties. The Group is capable to purchase more inventories for trading purpose and hence credit facilities for inventory financing have also increased eventually.

Share of loss of an Associate

Share of loss of an associate for FY 2010/11 was approximately HK$1.0 million (FY 2009/10: HK$0.6 million), representing a 15% loss incurred by the Group's associate – Sinochem Tianjian Port Petrochemical Terminal Co., Ltd.

Taxation

Hong Kong Profits Tax was calculated at 16.5% on the estimated assessable profit since 1 April 2008. For FY 2010/11, no provision for Hong Kong Profits Tax has been provided as the tax loss has been incurred by the operations in Hong Kong subsidiary.

No provision for PRC Enterprise Income tax has been provided for the PRC subsidiary for FY 2010/11.

The Macao subsidiary is exempted from Macao Complement Tax under the Decree Law issued by the Macao Special Administrative Region Government.

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

Profit for the year

Profit for FY 2010/11 was approximately HK$102.3 million, representing a decrease of HK$99.3 million when comparing with HK$201.6 million in FY 2009/10.

Project status

Nantong project is the development of storage of petrochemical and petroleum products business in Nantong City, Jiangsu Province, the PRC. It is carried out by Strong Petrochemical (Nantong) Logistics Co., Ltd., an indirect wholly owned subsidiary of the Company. As at 31 March 2011, the total capital expenditure incurred by Nantong project was amounted to RMB26.8 million (31 March 2010: RMB26.4 million). The Nantong project is still being reviewed and reassessed by the management. The unutilized IPO proceeds for Nantong Project is amounted to HK$106.2 million and it has been kept in our bank account for its future usage.

The Tianjin Storage Project is the establishment and operation of storage facilities for crude oil, petroleum products and petrochemical products located in Tianjin Nanjiang Port Zone. It is carried out by Sinochem Tianjin Port Petrochemical Terminal Co., Ltd. (the "Tianjin Company"). An indirect wholly owned subsidiary of the Company holds 15% interest of the Tianjin Company. Phase 1 construction has been completed and trial run approval has been granted by the Safety Inspection Commission of Tianjin Authority. Phase 2 was under construction. There will be a total of 48 storage facilities for crude, petroleum and petrochemical products. Phase 2 construction is expected to complete on March 2012. The Railway construction has been included in the Phase 2 construction. The preliminary feasibility report on railway construction has been approved by the Beijing Railway Authority and several supporting documents including the preliminary draft on the design of railway construction are prepared for submission. The railway construction is expected to be complete by the end of June 2012.

Liquidity and Financial Resource

The bank balances and cash as at 31 March 2011 was approximately HK$400.9 million (31 March 2010: HK$152.6 million).

The banking facilities as at 31 March 2011 amounted US$490 million (equivalent to HK$3,822 million) (31 March 2010: US357 million/HK$2,785 million). The bill payable as at 31 March 2011 was approximately HK$78.9 million. The bank borrowings as at 31 March 2011 was amounted to HK$727.3 million, representing the trust receipt loans in respect to inventory procurement.

Net cash used in operating activities was amounted to HK$57.4 million. Net cash from investing activities was amounted to HK$87.7 million which are return of pledged bank deposits as well as the deposits placed with brokers. Net cash from financing activities was amounted to HK$217.6 million which is mainly contributed by the short term bank borrowings.

As at 31 March 2011, the current ratio of the Group was 1.35 times (2010: 1.47 times) and the gearing ratio was 0.9 times (2010: 0.6 times). Gearing ratio is equal to bank borrowing divided by total equity. The decrease in current ratio and increase in gearing ratio are mainly contributed by the increase in bank borrowings for inventory procurement.

Dividends

The Board does not recommend any final dividends paid or proposed in respect of the year ended 31 March 2011 (2010: HK$3 cents per share).

Charges of Assets and Contingent Liabilities

As at 31 March 2011, the Group's banking facilities were secured by pledged bank deposits of approximately HK$15.6 million (31 March 2010: HK$57.6 million), inventories and properties owned by the Group.

As at 31 March 2011, the Group has no significant contingent liabilities.

Foreign Exchange Exposure

The function 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 RMB93.0 million for FY 2010/11 (FY 2009/10: RMB93.4 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.

The Group is required to pay the committed registered capital contribution of an associate, Tianjin Port Sinochem Petrochemical Dock Co., Ltd. of approximately

RMB6.1 million in the coming year.

PROSPECT

Looking forward, the Group will strengthen its foundation by achieving steady expansion on existing core business, broadening trade product lines and expanding the sales network internationally. In addition, the Group will continue to explore potential investment opportunities in order to improve the shareholders' return.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 August 2011 to 17 August 2011, both days inclusion, 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 4:30 p.m. on 15 August 2011.

EMPLOYMENT AND REMUNERATION POLICY

The Group employed 36 employees in total as at 31 March 2011 (31 March 2010: 29 employees). The Group implemented its remuneration policy, bonus and share option schemes based on the achievements and performance of employees.

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

At the annual general meeting held on 17 August 2010, the Directors were granted a general mandate to purchase the shares of the Company not exceeding 10% of the aggregate nominal amount of its issued share capital as at the date of passing of the relevant resolution. During the year, the Company repurchased its own shares on the Stock Exchange as follows:

Month of repurchase	**No. of ordinary shares of HK$ 0.025 each**	**Price per share**		**Aggregate consideration paid**
		Highest	**Lowest**	
	'000	*HK$*	*HK$*	*HK$'000*
December 2010	1,110	1.40	1.32	1,523
January 2011	1,006	1.40	1.36	1,397
	2,116			2,920

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 listed securities of the Company during the year.

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 FY 2010/11. 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 statement of financial position, consolidated comprehensive income and the related notes thereto for the year ended 31 March 2011 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 ended 31 March 2011. 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 year.

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 director's 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 year.

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, 30 June 2011

As at the date of this announcement, the Board comprises three executive directors and three independent non-executive directors. The executive directors are Mr. Wang Jian Sheng, Mr. Yao Guoliang and Mr. Wong Wing, The independent non-executive directors are Mr Zhu Yao Bin, Mr Lau Hon Kee and Ms Lin Yin.

This announcement is available for viewing on the website of the Company at www.strongpetrochem.com and the website of the Stock Exchange at www.hkex.com.hk

* *for identification purpose only*