STRONG PETROCHEMICAL HOLDINGS LIMITED

海 峽 石 油 化 工 控 股 有 限 公 司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 852)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

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 December 2015, together with the comparative audited figures for the year ended 31 December 2014 as follows:

* *For identification purpose only*

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	NOTES	**2015**	2014
		HK$'000	HK$'000
Revenue	3	**11,642,213**	8,181,009
Cost of sales		**(11,236,784)**	(8,072,691)
Gross profit		**405,429**	108,318
Other income	4(a)	**90,071**	61,848
Other gains and losses	4(b)	**92**	(44,950)
Fair value changes on derivative financial instruments		**(163,980)**	(180,046)
Distribution and selling expenses		**(184,690)**	(166,752)
Administrative expenses		**(88,306)**	(111,098)
Other expenses		**(1,159)**	(1,177)
Finance costs	5	**(18,997)**	(26,147)
Share of profit (loss) of associates		**3,428**	(663)
Profit (loss) before taxation		**41,888**	(360,667)
Taxation charge	6	**(3,107)**	(10,862)
Profit (loss) for the year	7	**38,781**	(371,529)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation		**(25,140)**	(1,451)
Fair value change of available-for-sale financial assets		**1,368**	(49,957)
Impairment loss on available-for-sale financial assets		**–**	49,957
Total comprehensive income (expense) for the year		**15,009**	(372,980)
Profit (loss) for the year attributable to:			
Owners of the Company		**33,064**	(354,715)
Non-controlling interests		**5,717**	(16,814)
		38,781	(371,529)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**11,169**	(355,597)
Non-controlling interests		**3,840**	(17,383)
		15,009	(372,980)
Earnings (loss) per share	9		
– basic (HK$)		**0.02**	(0.21)
– diluted (HK$)		**0.02**	(0.21)

Consolidated Statement of Financial Position

At 31 December 2015

	NOTES	**2015**	2014
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment		**319,146**	362,295
Prepaid lease payments		**48,997**	53,219
Available-for-sale financial assets		**28,721**	27,543
Other assets		**1,059**	49,520
Interests in associates		**126,017**	130,888
		523,940	623,465
Current assets			
Inventories		**454,243**	1,830,694
Prepaid lease payments		**1,113**	1,180
Trade and bills receivables	10	**1,194,494**	1,020,250
Other receivables, deposits and prepayments		**217,715**	108,391
Tax recoverable		**292**	21
Derivative financial instruments		**125,061**	444,972
Held for trading investments		**30,683**	312
Deposits placed with brokers		**50,140**	29,339
Pledged bank deposits		**49,246**	33,189
Bank balances and cash		**242,226**	267,168
		2,365,213	3,735,516
Current liabilities			
Trade and bills payables	11	**846,895**	949,472
Other payables and accruals		**121,636**	88,832
Receipt in advance		**43,723**	37,732
Bank borrowings		**579,340**	1,643,856
Derivative financial instruments		**121,160**	434,220
Tax payable		**3,649**	10,777
		1,716,403	3,164,889
Net current assets		**648,810**	570,627
Total assets less current liabilities		**1,172,750**	1,194,092

Consolidated Statement of Financial Position

At 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Equity			
Share capital		**44,200**	44,200
Reserves		**1,046,651**	1,035,482
Equity attributable to owners of the Company		**1,090,851**	1,079,682
Non-controlling interests		**28,309**	24,469
Total equity		**1,119,160**	1,104,151
Non-current liability			
Bank borrowings		**53,590**	89,941
		1,172,750	1,194,092

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company											
	Share capital HK$'000	**Share premium** HK$'000	**Special reserve** HK$'000 (Note 1)	**Legal reserve** HK$'000 (Note 2)	**Share options reserve** HK$'000	**Investment revaluation reserve** HK$'000	**Translation reserve** HK$'000	**Other reserve** HK$'000 (Note 3)	**Retained profits** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
At 1 January 2014	40,424	211,870	(1,922)	49	40,420	–	24,902	10,533	1,050,599	1,376,875	74,001	1,450,876
Exchange differences arising on translation	–	–	–	–	–	–	(882)	–	–	(882)	(569)	(1,451)
Fair value change of available-for-sale financial assets	–	–	–	–	–	(49,957)	–	–	–	(49,957)	–	(49,957)
Impairment loss on available-for-sale financial assets	–	–	–	–	–	49,957	–	–	–	49,957	–	49,957
Loss for the year	–	–	–	–	–	–	–	–	(354,715)	(354,715)	(16,814)	(371,529)
Total comprehensive expense for the year	–	–	–	–	–	–	(882)	–	(354,715)	(355,597)	(17,383)	(372,980)
Shares repurchased and cancelled	(248)	(9,047)	–	–	–	–	–	–	–	(9,295)	–	(9,295)
Issue of shares on exercise of share options	2,580	94,217	–	–	(30,228)	–	–	–	–	66,569	–	66,569
Shares issued as consideration for acquisition of additional interests of a subsidiary	1,444	42,480	–	–	–	–	–	1,762	–	45,686	(45,686)	–
Contribution from non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	–	13,537	13,537
Equity-settled share-based payments	–	–	–	–	41,372	–	–	–	–	41,372	–	41,372
Dividend recognised as distribution *(note 8)*	–	–	–	–	–	–	–	–	(85,928)	(85,928)	–	(85,928)
At 31 December 2014	44,200	339,520	(1,922)	49	51,564	–	24,020	12,295	609,956	1,079,682	24,469	1,104,151
Exchange differences arising on translation	**–**	**–**	**–**	**–**	**–**	**–**	**(23,263)**	**–**	**–**	**(23,263)**	**(1,877)**	**(25,140)**
Fair value change of available-for-sale financial assets	**–**	**–**	**–**	**–**	**–**	**1,368**	**–**	**–**	**–**	**1,368**	**–**	**1,368**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**33,064**	**33,064**	**5,717**	**38,781**
Total comprehensive income (expense) for the year	**–**	**–**	**–**	**–**	**–**	**1,368**	**(23,263)**	**–**	**33,064**	**11,169**	**3,840**	**15,009**
At 31 December 2015	**44,200**	**339,520**	**(1,922)**	**49**	**51,564**	**1,368**	**757**	**12,295**	**643,020**	**1,090,851**	**28,309**	**1,119,160**

Notes:

1. The special reserve represents the difference between the nominal value of shares of the acquired subsidiaries and the nominal value of the shares of the Company issued for the acquisition at the time of the corporate reorganisation to rationalise the Group structure prior to the listing of the Company's share on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. According to the law and regulation of Macao Special Administrative Region ("Macao"), a legal reserve is required to be established up to a minimum of 50% of the company's paid up capital and is established in any year in which a dividend is appropriated. A subsidiary of the Company established in Macao appropriated a final dividend for the year ended 31 March 2006 to its holding company, as a result, 50% of the issued capital MOP100,000 was transferred to the legal reserve.

3. Other reserve was resulted from the deemed disposal of partial interests in subsidiaries without losing the Group's control over the subsidiaries in previous years. Other reserve recognised during the year ended 31 December 2014 represented the difference between the fair value of ordinary shares issued by the Company and the carrying amount of the additional interests in a subsidiary acquired by the Group.

NOTES:

1. GENERAL

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 1 February 2008. The shares of the Company have been listed on the main board of the Stock Exchange since 12 January 2009. Its parent and ultimate holding company is Forever Winner International Ltd. ("Forever Winner"), a limited company incorporated in the British Virgin Islands. Mr. Wang Jian Sheng, the chairman and executive director of the Company and Mr. Yao Guoliang, the chief executive officer and executive director of the Company each holds 50% equity interest in Forever Winner. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 1604, 16th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, respectively.

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries are trading of crude oil, petroleum products and petrochemicals, and manufacturing and processing of petrochemicals.

The Group's principal operations are conducted in Hong Kong, Macao, the People's Republic of China (the "PRC") and Singapore. The functional currency of the Company and most of its subsidiaries is United States Dollar ("US$"), as the Group mainly trades in US$ with its customers and suppliers. However, for the convenience of the financial statements users, the consolidated financial statements are presented in Hong Kong Dollar ("HK$").

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

Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time in the current year:

Amendments to HKAS 19 (as revised in 2011)	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle

The application of these amendments 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 on the disclosures set out in these consolidated financial statements.

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

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

1 Effective for annual periods beginning on or after 1 January 2016.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 (as revised in 2014) Financial instruments

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

Key requirements of HKFRS 9 that are relevant to the Group are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial instruments: Recognition and measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on an analysis of the Group's financial instruments as at 31 December 2015, the directors of the Company anticipate that the application of HKFRS 9 in the future will affect the classification and measurement of the Group's available-for-sale financial assets and the Group's impairment assessment. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from contracts with customers

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

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

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

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

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

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

3. REVENUE AND SEGMENTAL INFORMATION

Revenue

Revenue represents the amounts received and receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Segmental information

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

For management purposes, the Group is currently organised into the following major operating segments, each of which represents an operating and reportable segment of the Group:

Trading of crude oil, petroleum products and petrochemicals ("Trading business")	–	this segment derives its revenue from selling of crude oil, petroleum products and petrochemicals to various customers
Manufacturing of petrochemicals ("Petrochemicals manufacture business")	–	this segment derives its revenue from selling of petrochemicals which are manufactured by the Group

Revenue from major products

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

	2015 **HK$'000**	2014 HK$'000
Trading business:		
Crude oil	**9,871,778**	3,816,859
Petroleum products	**734,663**	3,007,090
Petrochemicals	**499,639**	840,003
	11,106,080	7,663,952
Petrochemicals manufacture business:		
Petrochemicals	**536,133**	517,057
	11,642,213	8,181,009

Segment revenue and results

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

Year ended 31 December 2015

	Trading business HK$'000	**Petrochemicals manufacture business HK$'000**	**Eliminations HK$'000**	**Consolidated HK$'000**
Revenue				
External sales	**11,106,080**	**536,133**	**–**	**11,642,213**
Inter-segment sales (Note)	**57,288**	**206,238**	**(263,526)**	**–**
Segment revenue	**11,163,368**	**742,371**	**(263,526)**	**11,642,213**
Results				
Segment results	**38,205**	**17,745**	**–**	**55,950**
Other income				**7,337**
Other gains and losses				**(724)**
Central administration costs				**(22,392)**
Share of profit of associates				**3,428**
Finance costs				**(1,711)**
Profit before taxation				**41,888**

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

Year ended 31 December 2014

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

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

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

Geographical information

The Group's operations are currently carried out by the subsidiaries operating in Hong Kong, Macao, the PRC and Singapore. Based on the terms of the contracts, the products are arranged to be delivered to the designated location as specified by the customers.

The Group's revenue from external customers as categorised by the location of shipment/delivery as designated by the customers and information about the Group's non-current assets by geographic location of assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**–**	–	**1,437**	2,012
Macao	**–**	–	**919**	1,107
PRC	**8,918,570**	7,820,891	**468,721**	522,754
Thailand	**1,034,385**	–	**22,145**	18,920
Malaysia	**679,239**	252,559	**–**	–
Korea	**431,674**	107,559	**–**	–
The United States of America	**329,370**	–	**–**	–
Singapore	**224,539**	–	**1,997**	2,668
Timor Leste	**24,436**	–	**–**	–
	11,642,213	8,181,009	**495,219**	547,461

Note: For the purpose of the geographical information above, non-current assets as at 31 December 2015 and 2014 excluded cash advance to a controlling shareholder of an associate and available-for-sale financial assets.

4. OTHER INCOME, GAINS AND LOSSES

	2015 HK$'000	2014 HK$'000
(a) Other income		
Rental income from short-term leasing of unutilised property, plant and equipment and storage area of the rented vessel	**65,530**	37,886
Bank interest income	**471**	503
Dividend income from held for trading investments	**431**	899
Service income	**2,257**	1,789
Non-performance claims and insurance claims	**20,181**	6,970
Interest income from other assets	**1,201**	4,094
Interest income from loan to an associate	**–**	8,790
Others	**–**	917
	90,071	61,848
(b) Other gains and losses		
Loss on change in fair value on held for trading investments	**(4,219)**	(1,179)
Gain on trading of held for trading investments	**–**	12,880
Gain on disposal of an associate	**3,490**	–
Loss on disposal of property, plant and equipment	**(1)**	(3)
Impairment loss on available-for-sale financial assets	**(190)**	(49,957)
Impairment loss on interest in an associate	**–**	(4,410)
Impairment loss on trade receivables	**(5,249)**	–
Impairment loss on other receivables	**–**	(8,475)
Others	**6,261**	6,194
	92	(44,950)

5. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Bank charges on letter of credit facilities	**5,981**	5,384
Interests on bank borrowings	**13,016**	20,763
	18,997	26,147

6. TAXATION CHARGE

	2015 HK$'000	2014 HK$'000
Current tax:		
PRC Enterprise Income Tax	**900**	185
Singapore Income Tax	**–**	10,677
PRC withholding tax	**2,207**	–
	3,107	10,862

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 or the assessable profit is wholly absorbed by tax losses brought forward.

Under the Enterprise Income Tax Law and Implementation Rules of the PRC, the tax rate of the PRC subsidiaries is 25% for the year. Non-PRC companies' interest income derived from the PRC subsidiaries are subject to withholding tax at 5% to 10%.

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

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

7. PROFIT (LOSS) FOR THE YEAR

	2015 HK$'000	2014 HK$'000
Profit (loss) for the year is arrived after charging (crediting):		
Auditor's remuneration	**1,264**	1,883
Depreciation of property, plant and equipment	**35,690**	23,596
Release of prepaid lease payment	**1,159**	1,177
Net foreign exchange loss	**6,788**	1,924
Operating lease rentals in respect of storage facilities, a vessel and rented premises	**65,459**	75,294
Directors' emoluments	**420**	420
Other staff costs		
Salaries, bonus and other allowances	**46,901**	50,384
Retirement benefit schemes contributions	**2,078**	1,697
	49,399	52,501
Share-based payments to advisers (included in distribution and selling expenses)	**–**	41,372
(Reversal of) write-down of inventories (included in cost of sales)	**(7,327)**	60,250
Cost of inventories recognised as an expense (included in cost of sales)	**11,244,111**	8,012,441

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

8. DIVIDENDS

	2015	2014
	HK$'000	HK$'000
Dividend recognised as distribution during the year:		
1/1/2014 to 31/12/2014 Final – nil (1/4/2013 to 31/12/2013 Final – HK5 cents)	**–**	85,928

The final dividend of HK1 cent (2014: nil) per ordinary share of the Company has been proposed by the directors of the Company and is subject to the approval by the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS (LOSS) PER SHARE

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

	2015	2014
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	**1,768,018,409**	1,727,758,145
Effect of dilutive potential ordinary shares:		
Share options	**–**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings (loss) per share	**1,768,018,409**	1,727,758,145

The computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for the year ended 31 December 2015.

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

10. TRADE AND BILLS RECEIVABLES

	2015	2014
	HK$'000	HK$'000
Trade receivables from third parties	**1,199,743**	354,030
Less: Allowance for doubtful debts	**(5,249)**	–
	1,194,494	354,030
Bills receivables	**–**	666,220
	1,194,494	1,020,250

The following is an aged analysis of trade receivables from third parties net of allowance for doubtful debts and bills receivables presented based on the invoice date at the end of the reporting period which approximated the revenue recognition dates:

	2015	2014
	HK$'000	HK$'000
0 to 30 days	**928,567**	1,016,268
31 to 60 days	**265,927**	–
61 to 90 days	**–**	3,982
	1,194,494	1,020,250

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.

Included in the allowance for doubtful debts are impaired trade receivables with a balance of approximately HK$5,249,000 (2014: nil) which was past due and considered not recoverable.

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

At 31 December 2014, included in the Group's bills receivables was receivable amounting to approximately HK$10,865,000 which has been discounted to an unrelated bank and pledged as security for a bank borrowing. After the discounting, the Group was still responsible for the non-repayment by the customer. Accordingly, the Group continued to recognise the full carrying amount of the receivable and has recognised the cash received on the transfer as secured borrowing. The carrying amount of the associated liability of the Group was approximately HK$10,735,000.

11. TRADE AND BILLS PAYABLES

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

	2015	2014
	HK$'000	HK$'000
0 to 30 days	**846,895**	949,472

The credit period on purchase of goods is normally 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue for the year ended 31 December 2015 (the "year") was approximately Hong Kong Dollar ("HK$") 11,642.2 million (2014: approximately HK$8,181.0 million). Profit attributable to owners of the Company for the year was approximately HK$33.1 million (2014: loss attributable to owners of the Company of approximately HK$354.7 million).

BUSINESS REVIEW

Trading of Crude Oil, Petroleum Products and Petrochemicals

Although Brent crude oil price dropped by 51% in 2014, the oil price fluctuation was still substantial in 2015. Facing the volatile oil market, the Group endeavored to utilise its competitive edge to explore trading opportunities of crude oil, petroleum products and petrochemicals so as to increase its revenue. In 2015, our Macao office focused on trading crude oil through back-to-back arrangement and developed the crude oil and petroleum business with the new customer in Shandong Province in the People's Republic of China (the "PRC"). Demand in petroleum products dropped substantially due to customers' preference to keep their inventories low in view of the fluctuating oil price and the slowdown of the PRC's economic growth. Facing lower demand in petroleum product, the Group increased its focus on crude oil trading during the year. The Group proactively developed new products such as Toluene while the demand in petrochemicals was inevitably affected by the slow economic growth of the PRC.

Manufacture and Development of Petrochemicals

During the year, Hainan Huizhi Petrochemical Fine Chemical Co., Ltd. ("Huizhi"), our non-wholly owned subsidiary which manufactures and processes petrochemicals, produced approximately 103,180 metric tons ("MT") of pentane former and approximately 45,347 MT of secondary butyl acetate. Huizhi experienced turnaround and generated profit in the year. It is expected that Huizhi will complete its trial operation in May 2016 and commence its operation afterwards.

Storage Business

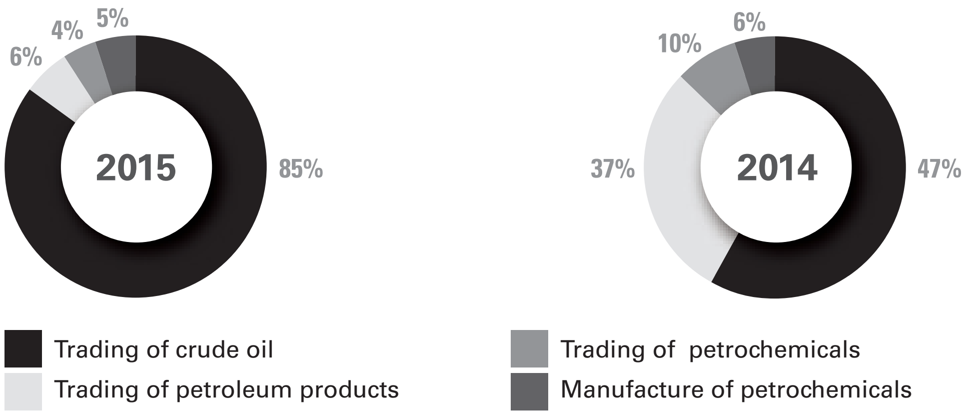
Strong Petrochemical (Nantong) Logistics Company Ltd. ("Strong Nantong"), our wholly owned subsidiary since mid-September 2014, provides storage service with 21 storage tanks and a capacity of 139,000 cubic meters. Strong Nantong is principally engaged in providing storage service for gasoil and diesel fuel. The total throughput dropped from approximately 424,500 MT in 2014 to approximately 374,100 MT in 2015, representing a 12% decrease. This was mainly due to the public's anxiety about potential economic downturn in the PRC. Meanwhile, Strong Nantong started restructuring its business in the fourth quarter of 2015 in order to provide more comprehensive service to its customers.

FINANCIAL REVIEW

Revenue and Fair Value Changes on Derivative Financial Instruments

The Group is principally engaged in the trading of oil products and the manufacture of petrochemicals. Approximately 85% (2014: 47%) of the Group's revenue was generated from trading of crude oil for the year, while the revenue generated from trading of petroleum products was approximately 6% (2014: 37%) and the revenue generated from trading of petrochemicals was approximately 4% (2014: 10%). Approximately 5% (2014: 6%) of the revenue was generated from manufacture of petrochemicals which commenced in April 2014.

Analysis of revenue in percentage to total revenue by business:



The revenue of the Group was approximately HK$11,642.2 million (2014: approximately HK$8,181.0 million) for the year. The trading volume of crude oil increased from 5,370,113 barrel ("BBL") in the last year to 24,025,967 BBL for the year, representing an increase of almost 3.5 times, since our crude oil team has successfully expanded the customer base and started trading crude oil with Thai oil refiners during the year. In 2015, the oil price fluctuation and slow economic growth of the PRC seriously affected the demand in petroleum products, and this made the trading volume of petroleum products decrease from 611,462 MT in the last year to 291,665 MT for the year. The trading volume of petrochemicals decreased from 116,332 MT to 98,750 MT since Huizhi focused on its core business of manufacturing petrochemicals instead of trading petrochemicals during the year. Facing the weaker demand in petrochemicals in the PRC, our petrochemicals team proactively developed business relationship with oil majors and started trading on new products such as Toluene. The sales quantity of Huizhi's manufactured petrochemicals increased from 72,982 MT in the last year to 109,772 MT since Huizhi commenced its trial operation in April 2014. Moreover, Huizhi expanded its export market to Singapore during the year.

		Year ended 31 December					
			2015			2014	
Product	Unit	**Number of shipment**	**Sales quantity**	**Revenue HK$'000**	Number of shipment	Sales quantity	Revenue HK$'000
Trading of major products							
Crude oil	BBL	**38**	**24,025,967**	**9,871,778.4**	7	5,370,113	3,816,859.1
Petroleum products	MT	**38**	**291,665**	**734,663.3**	32	611,462	3,007,089.8
Petrochemicals	MT	**111**	**98,750**	**499,638.6**	168	116,332	840,003.3
		187		**11,106,080.3**	207		7,663,952.2
Manufacture of petrochemicals	MT	**180**	**109,772**	**536,132.7**	71	72,982	517,056.7
Total		**367**		**11,642,213.0**	278		8,181,008.9

The Group has established trading teams as well as daily management oversight, manages the overall physical cargo price exposure and controls this through offsetting oil derivative contracts according to the Group's risk management policy. As part of our rigorous control process, a daily reporting system is adopted for all physical and derivative contracts. Such risk control system enables effective and timely management of the Group's exposure to market risk.

During the year, the Group reported an aggregate loss on fair value changes on derivative financial instruments for hedging transactions of approximately HK$156.8 million (2014: approximately HK$164.6 million) and an aggregate loss on fair value changes on derivative financial instruments for proprietary trading transactions of approximately HK$7.2 million (2014: approximately HK$15.4 million).

Gross Profit

The overall gross profit of the Group increased by around 2.7 times from approximately HK$108.3 million to approximately HK$405.4 million for the year. The increase in gross profit was primarily attributable to the development of new suppliers with competitive pricing and the exploration of business opportunity with the new customer in Shandong Province in the PRC.

Profit attributable to Owners of the Company

Profit for the year attributable to owners of the Company was approximately HK$33.1 million.

In 2014, loss for the year attributable to owners of the Company was approximately HK$354.7 million. By excluding approximately HK$8.8 million of the non-recurring interest income from loan to Asia Sixth Energy Resources Limited arising from the assignment of shareholder's loan and approximately HK$41.4 million of the one-off share-based payments expense, last year's normalised loss for the year attributable to owners of the Company was approximately HK$322.1 million.

Liquidity and Financial Resources

The Group generally finances its daily operations from internally generated cash flows (the "Internal Funds") and banking facilities. As at 31 December 2015, the Group had deposits placed with brokers, pledged bank deposits, and bank balances and cash of approximately HK$50.1 million (2014: approximately HK$29.3 million), approximately HK$49.2 million (2014: approximately HK$33.2 million) and approximately HK$242.2 million (2014: approximately HK$267.2 million) respectively. The total of deposits placed with brokers, pledged bank deposits, and bank balances and cash (collectively, the "Liquidity Resources") were approximately HK$341.5 million (2014: approximately HK$329.7 million). Most of the Liquidity Resources were denominated in United States Dollar ("US$").

The equity attributable to the owners of the Company increased by approximately HK$11.2 million to approximately HK$1,090.9 million as at 31 December 2015 (2014: approximately HK$1,079.7 million).

The Group had bank borrowings, represented by trust receipt, discounting, short-term loans and long-term loans repayable within 1 year, of approximately HK$579.3 million (2014: approximately HK$1,643.9 million). As at 31 December 2015, the Group's gearing ratio was approximately 22% (2014: 40%). The gearing ratio was calculated as the Group's total borrowing divided by total assets.

The Group will mainly use the Internal Funds to repay the due debts and relevant interests, in case of any shortfalls, the Group will consider to avail itself of new loans by unused banking facilities to finance the repayment of the principal and interest in a timely manner.

As at 31 December 2015, the Group has banking facilities of approximately US$1,140.8 million and Renminbi ("RMB") 148.0 million (equivalent to approximately HK$9,074.5 million in total) from several banks.

The majority of the Group's sales and purchases are denominated in US$. The Group considers its foreign currency exposure is mainly arising from the exposure of exchange between US$ and HK$ with limited exposure to Singapore Dollar, Euro and RMB. Since the exchange rate of US$ against HK$ is relatively stable during the year, the exposure on foreign exchange is insignificant.

Contingent Liabilities

As at 31 December 2015, the Group did not have any significant contingent liabilities.

Capital Commitments

As at 31 December 2015, the Group had contracted for capital expenditure of approximately RMB67,000 (equivalent to approximately HK$80,000) (2014: approximately RMB10,186,000 (equivalent to approximately HK$12,913,000)) in respect of the construction of the petroleum products and petrochemicals storage facilities on two leasehold land parcels in Nantong City, Jiangsu Province, the PRC, and construction of facilities and equipment for manufacture and processing of petrochemicals in Yangpu Economic Development Zone, Hainan Province, the PRC.

Material Acquisitions and Disposals, and Future Plans for Material Investments

The success of the Group will depend, inter alia, on the realisation of the expected synergies, cost control, and growth opportunities and potentials upon integration of the acquired businesses. The Group concentrates on its core business and cautiously expands the scale and geographical spread of its business through organic growth and investment in selective acquisitions with great potential. There can be no assurance that a failure to operate the acquired businesses successfully and thereby not achieve the expected financial benefits, may not adversely affect the Group's financial position and results.

In August 2015, the Group signed a two-year contract to be the major supplier of bitumen mixture to a bitumen manufacturing plant in Shandong Province, the PRC. This bitumen manufacturing plant is specialised in producing high-quality bitumen with the largest annual production scale at a maximum of 3 million MT in the PRC. Pursuant to the contract, we will provide at least 1 million MT of bitumen mixture to the bitumen manufacturing plant each year with guaranteed profit per MT. In November 2015, our Macao subsidiary started providing bitumen mixture to the bitumen manufacturing plant. Up till 31 December 2015, 659,000 MT of bitumen mixture were sold.

Announced on 11 March 2016, the Group entered into a sale and purchase agreement to dispose the entire share capital of Strong Petrochemical (Asia) Company Limited ("Strong Asia") which owns 57% of the equity interests in Huizhi, at a total consideration of approximately US$20.3 million (equivalent to approximately HK$158.3 million). Completion shall take place no later than 10 days after completion of financial due diligence on respective financial positions of Strong Asia and Huizhi as at 31 December 2015 and repayment of Strong Asia's outstanding debt owing to the Company. Upon Completion, the Group will cease to have any interest in Strong Asia and Huizhi.

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

Employees

The number of employees of the Group was 169 (2014: 168) as at 31 December 2015. The Group's remuneration packages are maintained at competitive level and are determined on the basis of performance, qualification and experience of individual employee.

We recognise the importance of a good relationship with our employees by providing competitive remuneration package commensurate with prevailing market practice to our employees, including provident fund, life and medical insurances, discretionary bonus, share options, and training for human resources upskilling.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the year.

PROPOSED DIVIDENDS

The Board has recommended the payment of a final dividend of HK1 cent per ordinary share of the Company in respect of the year ended 31 December 2015 (2014: Nil), payable on 13 June 2016 to shareholders whose names appear on the register of members of the Company as at the close of business on 26 May 2016 subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company ("AGM").

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from, Tuesday, 10 May 2016 to Thursday, 12 May 2016 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 to be held on 12 May 2016, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 9 May 2016.

The register of members of the Company will be closed from, Tuesday, 24 May 2016 to Thursday, 26 May 2016 both days inclusive, during which period no transfer of shares will be effected. In order to be eligible for the proposed final dividend, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 23 May 2016.

CORPORATE GOVERNANCE

The Company has adopted and is fully compliant with all the provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2015, with the exception of the following deviation:

Pursuant to Code Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend the general meetings and develop a balanced understanding of the views of shareholders. Mr. Guo Yan Jun and Ms. Lin Yan, the independent non-executive directors of the Company ("INEDs"), were unable to attend the annual general meeting of the Company held on 14 May 2015 due to other prior business engagements.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding director's securities transactions. Having made specific enquiries by the Company, all directors of the Company have confirmed that they had complied with the required standards set out in the Model Code during the year.

The Company has established written guidelines on no less exacting terms than the Model Code for dealings in the Company's securities by relevant employees who are likely to be in possession of unpublished price-sensitive information in relation to the Company or its securities. The Company has received written annual compliance declaration from employees to confirm their compliance.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three INEDs who possess relevant business and financial management experience. The company secretary of the Company acts as the secretary to the Audit Committee. None of the members is employed by or otherwise affiliated with the former or existing auditor of the Company. The Audit Committee is chaired by Ms. Cheung Siu Wan, one of the INEDs having professional qualifications, and accounting and financial management skills to understand financial statements and contribute to the corporate governance of the Company under the Listing Rules.

Subsequent to the financial year end, the Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2015, 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, 23 March 2016

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