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)

INSIDE INFORMATION
EXPECTED LOSS IN A TRADING TRANSACTION

This announcement is made by Strong Petrochemical Holdings Limited (the "**Company**") pursuant to Rule 13.09 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a loss of approximately USD10.70 million in a recent trading transaction involving bitumen products (the "**Bitumen Products**"). Details of the transaction are set out as follows:

In November 2025, the Company, through its wholly-owned subsidiary Nantong Strong International Trading Company Limited ("**Nantong Strong**") and Strong Petrochemical Limited ("**Strong HK**"), entered into a framework contract with an independent third-party supplier agent to import Bitumen Products, pursuant to which Nantong Strong and Strong HK purchased an aggregate of approximately 1.65 million barrels of Bitumen Products in batches in 2026, with the intention of selling them domestically as raw materials for road asphalt production. However, during the execution of the transaction, the imported customs authority conducted excessively long inspections on the Bitumen Products, and the product classification did not meet expectations, resulting in a significant increase in the Group's selling costs. At the same time, during the period when the Bitumen Products were detained, geopolitical conflicts in the Middle East suddenly escalated, causing a rise in transportation costs, a sharp spike in the structure of crude oil prices, and a decline in the purchasing appetite of customers in Chinese Mainland. Such abrupt changes in the market environment posed severe challenges to the Group's cost and risk management. Taking into account the combined effects of the difference between buying and selling prices of the Bitumen Products, storage and demurrage charges, and the related hedging arrangements, the Group expects to record a loss of approximately USD10.70 million in the above transaction. The above amount is based on a preliminary assessment by the Group's management and has not been reviewed or audited by the auditor of the Company. The Board believes that the loss will not have a material adverse effect on the Group's ongoing operations.

The Group will continue to address the follow-up matters of this transaction and complete the remaining work in accordance with the relevant agreements. Going forward, the Group will enhance its business processes including commodity import compliance, closely monitor the ongoing evolution of international situations including geopolitical conflicts in the Middle East, and respond more prudently to price fluctuations and structural risks amid a complex and volatile global business environment, thereby further enhancing the overall risk management level of its commodity trading business.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in its shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Tuesday, 31 December 2024 and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

By order of the Board
STRONG PETROCHEMICAL HOLDINGS LIMITED
Wang Qihong
Chairman

Hong Kong, 19 May 2026

As at the date of this announcement, the Board comprises two executive directors, one non-executive director and three independent non-executive directors. The executive directors of the Company are Dr. Wang Pang Paul and Mr. Cao Xinzhong. The non-executive director of the Company is Mr. Wang Jian Sheng. The independent non-executive directors of the Company are Mr. Wang Qihong, Dr. Lu Guoyang and Ms. Tam Yuk Yu.

* *For identification purposes only*