STRONG PETROCHEMICAL HOLDINGS LIMITED
海峽石油化工控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 852)

SUPPLEMENTAL ANNOUNCEMENT
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).

Reference is made to the inside information announcement of the Company dated 19 May 2026 (the "**Announcement**") regarding an expected loss of approximately USD10.70 million (the "**Expected Loss**") in a recent trading transaction involving Bitumen Products (the "**Transaction**").

References are also made to (i) the announcement of the Company dated 18 December 2025, in relation to the winding-up and appointment of joint liquidators (the "**Liquidators**") of Forever Winner International Ltd. ("**FWI**"), the controlling shareholder of the Company which holds 1,041,746,000 ordinary shares (the "**Shares**") of the Company, accounting for approximately 49.06% of the total issued share capital of the Company; (ii) the announcement dated 25 February 2026 (the "**Rule 3.7 Announcement**") in relation to, among others, the sending out of an invitation for expression of interest looking for potential purchasers of the Shares by the Liquidators and the possible mandatory general offer in accordance with Rule 26.1 of the Code on Takeovers and Mergers (the "**Takeovers Code**"); and (iii) the monthly update announcements pursuant to Rule 3.7 of the Takeovers Code of the Company dated 27 March 2026, 24 April 2026 and 2 June 2026.

Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Announcement and the Rule 3.7 Announcement.

SUPPLEMENTARY INFORMATION

The Company hereby provides the following supplementary information in relation to the Transaction:

1. **Past trading experience of the Group in Bitumen Products and the nature of the Transaction**

   The Group is principally engaged in commodity trading business, covering multiple categories including crude oil, refined oil products, petrochemical products and coal. As a downstream product of the petroleum industry chain, the trading of Bitumen Products works synergistically with the Group's core business. The Group has traded Bitumen Products in the past, and Bitumen Products are products generally traded by the Group in its ordinary and usual course of business.

2. **Purchase contract amount of the Bitumen Products**

   The Group originally planned to import an aggregate of 1.65 million barrels of Bitumen Products in batches under the Transaction for domestic sale. The second cargo of Bitumen Products was resold directly upon the occurrence of the customs clearance issue and was not imported to the Chinese Mainland market for resale, and thus no individual purchase contract was entered into by the Group with regard to this cargo. For the remaining cargoes of Bitumen Products which were subject to purchase contracts entered into by the Group, the purchase amount was determined under the "futures pricing + premium" model, which is a conventional pricing mechanism in international commodity trading. As the relevant pricing period has not expired, the total estimated purchase amount is approximately USD124 million based on current market valuations. The final purchase contract amount will be subject to actual settlement after the end of the relevant pricing periods.

3. **Details of the reasons for the Expected Loss under the Transaction**

   (1) *Extended customs inspection time and unexpected product classification*

   When the first cargo of Bitumen Products was delivered, the local customs authority raised objections to its commodity classification. The cargo was ultimately re-classified from natural bitumen to crude oil and a new application has been submitted, hence the customs clearance process was delayed for over 50 days. During such period, additional storage costs, funding costs and rollover costs were incurred, significantly increasing the Group's selling costs.

   (2) *Escalation of the Middle East geopolitical conflicts driving up transportation costs*

   During the period when the Bitumen Products were detained, the Middle East geopolitical conflicts suddenly escalated, raw materials in the Middle East were unable to be shipped out, causing a surge in demand for raw materials from other regions, which led to a substantial increase in freight costs. As a result, the freight costs for vessels chartered by the Group for the Transaction after the outbreak of the Middle East conflicts increased significantly compared with the prior period.

(3) Sharp spike in crude oil price structure (rollover costs)

As a common practice in commodity trading to hedge against price fluctuation risks, the Group establishes opposite positions in the international crude oil futures market simultaneously upon purchasing physical Bitumen Products with a view to achieving stable basis gains. However, due to the customs clearance issues which caused prolonged detention of the Bitumen Products, the Group was forced to roll over its relevant futures positions on a monthly basis. During such period, affected by geopolitical conflicts in the Middle East, the international crude oil futures market exhibited a price structure where near-term prices were higher than forward prices. The Group had to close out its positions at higher near-term prices and open new positions at lower forward prices, incurring considerable losses during the process, i.e. the rollover costs.

(4) Declining purchasing appetite of customers in Chinese Mainland and adverse price spreads

Following the outbreak of the Middle East geopolitical turmoil, there has been less refined oil products supply on the Chinese Mainland. To ensure production continuity, domestic refineries maintained relatively high operating rates, while the extent of price increase in refined product was subject to certain limitations. Under such circumstances, refineries generally reduced their procurement volumes and sought to minimise purchase prices in order to improve their own profit margins. As a result, the Group faced reduced demand and downward pressure on selling prices when marketing its Bitumen Products to domestic refineries, which materially and adversely affected its physical sales.

4. Basis for the Board's view that the Expected Loss will not have a material adverse effect on the Group's ongoing operations

Taking into account the combined effects of the above factors, based on a preliminary assessment of the management accounts, the Group expects to record a loss of approximately USD10.70 million under the Transaction. Although the amount of the Expected Loss is relatively significant, the Board considers that the Expected Loss will not have a material adverse effect on the Group's ongoing operations. In reaching this view, the Board has taken into account the following factors: (i) the Group's overall revenue structure and sources of funding, considering the fact that the Group's commodity trading business covers multiple product categories and the Group also provides storage and other ancillary services as well as leasing in relation to refined oil products and petrochemical products, which help to diversify the risk of any single transaction; (ii) the Group has secured credit facilities from several banks, and its working capital and cash flow are sufficient to support its day-to-day operations and debt repayment needs; and (iii) the Group will continue to optimise its business processes, respond prudently to the complex and volatile global business environment, and enhance the overall risk management level of its commodity trading business.

TAKEOVERS CODE IMPLICATIONS

The Company believes the Expected Loss does not constitute a profit forecast under Rule 10 of the Takeovers Code ("**Profit Forecast**") for the following reasons:

(i) The Announcement does not purport to forecast the Group's overall financial results for the six months ending 30 June 2026 or any other financial period, because it addressed the Expected Loss attributable to one transaction during the ordinary course of business of the Group, on a standalone basis, without aggregating the Group's total operations, revenues, costs or other period-end determinants, and did not provide a floor, a ceiling, a range, or contains the data necessary to calculate an approximate figure for future profits for a particular period;

(ii) Although a framework contract was signed in November 2025, the actual Transaction took place in 2026. Therefore, the Expected Loss will impact the Group's first-half 2026 results instead of the results of 2025. The latest publicly available financial results of the Group (for the six months ended 30 June 2024) are too dated for a fair comparison. Since the full-year 2024 results (expected to be published on 12 June 2026) and 2025 results are not yet published, there is no appropriate and up-to-date financial baseline to assess the Expected Loss against overall results so as to characterise it as providing a floor and/or ceiling which constitutes a Profit Forecast.

(iii) The Expected Loss is an operational figure derived directly from the underlying business contracts and the prevailing pricing mechanism under the Transaction, and has not yet been substantially recorded in the books of the Group since the Transaction was conducted by batch. As the relevant pricing period under the Transaction has not yet expired, the amount of the Expected Loss will not be finally determined and available until early July 2026. Moreover, the consolidated management accounts of the Group for the six months ending 30 June 2026 will not be available to the Company until the end of July 2026 or thereafter. Thus, a comprehensive assessment of the Expected Loss's financial impact on that period is not currently possible.

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, 8 June 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*