



# 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

# 2024

## ANNUAL REPORT



\* For identification purposes only

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*Forward-looking statements (the “Statements”) contained in this annual report (the “Annual Report”) relating to the forecast business plans, prospects, financial forecasting, and growth strategies of Strong Petrochemical Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”). These Statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this Annual Report. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These Statements may prove to be incorrect and may not be realised in future. Underlying these Statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of the Statements in this Annual Report should not be regarded as representations by the board of directors of the Company or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such Statements.*



# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Dr. WANG Pang Paul (appointed on 25 January 2025)  
Mr. CAO Xinzong (appointed on 25 January 2025)  
Mr. WANG Jian Sheng (Chairman until 2 October 2024)  
(re-designated as Non-executive Director on 25 January 2025)  
Mr. YAO Guoliang (removed on 25 January 2025)  
Dr. MA Yi (appointed on 2 October 2024 and removed on 25 January 2025)  
Dr. TAN Xiao (appointed on 14 October 2024 and removed on 25 January 2025)

### Non-executive Directors

Mr. WANG Jian Sheng (re-designated from Executive Director on 25 January 2025)  
Mr. GUO Yan Jun (appointed on 25 January 2025 and resigned on 8 July 2025)

### Independent Non-executive Directors

Mr. WANG Qihong (*Chairman*)  
(appointed on 25 January 2025)  
Dr. LU Guoyang (appointed on 25 January 2025)  
Ms. TAM Yuk Yu (appointed on 25 January 2025)  
Ms. CHEUNG Siu Wan (resigned on 25 October 2024)  
Prof. CHAN Yee Kwong (resigned on 25 October 2024)  
Mr. DENG Heng (Chairman from 2 October 2024 to 25 January 2025) (removed on 25 January 2025)  
Ms. JIAO Jie (appointed on 25 October 2024 and removed on 25 January 2025)  
Mr. LAI Wai Chi (appointed on 25 October 2024 and removed on 25 January 2025)

## BOARD COMMITTEES

### Audit Committee

Ms. TAM Yuk Yu (*Chairperson*)  
(appointed on 25 January 2025)  
Dr. LU Guoyang (appointed on 25 January 2025)  
Mr. WANG Qihong (appointed on 25 January 2025)  
Ms. CHEUNG Siu Wan (*Chairperson*)  
(resigned on 25 October 2024)  
Prof. CHAN Yee Kwong (resigned on 25 October 2024)  
Mr. DENG Heng (removed on 25 January 2025)  
Ms. JIAO Jie (*Chairperson*) (appointed on 25 October 2024 and removed on 25 January 2025)  
Mr. LAI Wai Chi (appointed on 30 October 2024 and removed on 25 January 2025)

### Remuneration Committee

Dr. LU Guoyang (*Chairperson*)  
(appointed on 25 January 2025)  
Ms. TAM Yuk Yu (appointed on 25 January 2025)  
Dr. WANG Pang Paul (appointed on 25 January 2025)  
Prof. CHAN Yee Kwong (*Chairperson*)  
(resigned on 25 October 2024)  
Mr. DENG Heng (ceased on 25 January 2025)  
Mr. WANG Jian Sheng (ceased on 2 October 2024)  
Mr. YAO Guoliang (appointed on 2 October 2024 and removed on 25 January 2025)  
Mr. LAI Wai Chi (*Chairperson*) (appointed as member on 25 October 2024, re-designated as Chairperson on 30 October 2024 and removed on 25 January 2025)

### Nomination Committee

Mr. WANG Qihong (*Chairperson*)  
(appointed on 25 January 2025)  
Dr. WANG Pang Paul (appointed on 25 January 2025)  
Ms. TAM Yuk Yu (appointed on 25 January 2025)  
Mr. WANG Jian Sheng (*Chairperson*)  
(ceased on 2 October 2024)  
Ms. CHEUNG Siu Wan (resigned on 25 October 2024)  
Mr. DENG Heng (*Chairperson*) (re-designated as chairperson on 2 October 2024 and removed on 25 January 2025)  
Prof. CHAN Yee Kwong (appointed on 2 October 2024 and resigned on 25 October 2024)  
Mr. YAO Guoliang (appointed on 2 October 2024 and removed on 25 January 2025)  
Mr. LAI Wai Chi (appointed on 25 October 2024 and removed on 25 January 2025)

# Corporate Information

## COMPANY SECRETARY

Mr. LAU Leong Ho (Practising Solicitor) (Hong Kong)  
(resigned on 14 May 2024)  
Ms. CHAN Wing Man (Practising Solicitor) (Hong Kong)  
(appointed on 14 May 2024 and  
resigned on 26 July 2024)  
Ms. NG Sau Mei (appointed on 26 July 2024 and  
resigned on 13 December 2024)  
Mr. LEUNG Chin Ho (appointed on 13 December 2024 and  
resigned on 24 January 2025)  
Ms. KWAN Pui Shan (appointed on 25 January 2025)

## AUTHORISED REPRESENTATIVES

Dr. WANG Pang Paul (appointed on 25 January 2025)  
Ms. KWAN Pui Shan (appointed on 25 January 2025)  
Mr. WANG Jian Sheng (ceased on 25 January 2025)  
Mr. YAO Guoliang (ceased on 25 January 2025)

## LEGAL ADVISER AS TO HONG KONG LAW

DLA Piper Hong Kong  
25th Floor, Three Exchange Square  
8 Connaught Place  
Central  
Hong Kong

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

8th Floor, Tower 2, Admiralty Centre  
18 Harcourt Road  
Admiralty  
Hong Kong

## INDEPENDENT AUDITOR

BDO Limited  
Certified Public Accountants  
Registered Public Interest Entity Auditor

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited  
Suite 3204, Unit 2A  
Block 3, Building D, P.O. Box 1586  
Gardenia Court, Camana Bay  
Grand Cayman KY1-1100  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17th Floor, Far East Finance Centre  
16 Harcourt Road  
Admiralty  
Hong Kong

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
China CITIC Bank International Limited  
DBS Bank (Hong Kong) Limited

## WEBSITE

[www.strongpetrochem.com](http://www.strongpetrochem.com)

## SHARE INFORMATION

The Stock Exchange of Hong Kong Limited  
Stock code: 00852

# Five-Year Financial Summary

A summary of the results and of the assets and liabilities of Strong Petrochemical Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the last five financial years is set out below:

	2024	2023	2022	2021	2020
<b>Results (HK\$'000)</b>					
Revenue	1,598,068	1,266,376	923,115	810,612	6,572,314
(Loss) profit before taxation	(326,198)	(88,965)	13,562	13,920	(65,120)
Income tax expense	(4,085)	(7,274)	(7,828)	(7,696)	(19,294)
(Loss) profit for the year	(330,283)	(96,239)	5,734	6,224	(84,414)
<b>Assets and Liabilities (HK\$'000)</b>					
Total assets	2,069,756	1,588,017	1,478,578	1,628,476	1,747,967
Total liabilities	(1,113,317)	(290,634)	(82,449)	(189,615)	(326,339)
Total equity	956,439	1,297,383	1,396,129	1,438,861	1,421,628

# Chairman's Statement

## To all shareholders,

I present herewith the audited consolidated financial results of the Group for the year ended 31 December 2024 (the "Year").

Revenue for the Year was approximately Hong Kong dollar ("HK\$") 1,598.1 million (2023: approximately HK\$1,266.4 million). Loss attributable to owners of the Company for the Year was approximately HK\$327.5 million (2023: approximately HK\$95.4 million).

## BUSINESS REVIEW AND PROSPECTS

### Trading of Commodities

Throughout the Year, the Group strategically resumed certain crude oil trading activities while continuing to expand its trading in petroleum products and petrochemicals. Supported by new banking facilities, the Group carefully navigated market conditions to identify viable opportunities in crude oil trading while maintaining a balanced approach to risk management.

Brent crude oil prices remained volatile, influenced by geopolitical events, production decisions by major oil-exporting nations, and shifting economic conditions. Oil prices experienced a moderate rebound in the first half of 2024, reaching around United States dollar ("US\$") 93 per barrel in April 2024, supported by supply constraints and demand recovery. However, renewed concerns over global economic slowdown in the latter half of the Year led to fluctuations, with Brent crude oil prices stabilising around US\$76 per barrel by year-end.

The ongoing conflict between Russia and Ukraine continued to impact global oil markets, with sanctions on Russian crude oil reshaping global trade flows. As European markets sought alternative suppliers, demand dynamics shifted across Asia, the Middle East, and the United States of Americas. In response to these evolving trends, the Group proactively re-entered the crude oil trading sector, leveraging its network and expertise to capture emerging opportunities.

In addition to the Russia — Ukraine conflict, the ongoing war in the Middle East continues to destabilise global energy markets. In March 2026, Brent crude oil prices averaged around US\$99 per barrel before rising to around US\$120 per barrel by late April 2026, compared to pre-war levels of around US\$72 per barrel. The effective closure of the Strait of Hormuz has severely disrupted crude oil exports from Persian Gulf producers. This unprecedented disruption highlights the fragility of global supply chains and has been described by the International Energy Agency as the biggest energy security threat in history. The Group will closely monitor these developments, adopt prudent hedging strategies, and leverage its diversified portfolio to mitigate exposure while continuing to capture opportunities in resilient Asian markets.

At the same time, trading of petroleum products and petrochemicals remained a key growth driver. The Caixin China General Manufacturing Purchasing Managers' Index fluctuated between 50.5 and 52.1, signalling steady but moderate expansion in manufacturing activities in the People's Republic of China (the "PRC"). The Group benefited from the PRC's continued economic recovery, which supported demand for energy and industrial commodities. Strong demand from the PRC and other Asian markets contributed to an overall increase in revenue, reinforcing the Group's diversified approach to commodities trading.

### Storage and Other Ancillary Services for Petroleum Products and Petrochemicals and Leases

Strong Petrochemical (Nantong) Logistics Company Ltd. ("Strong Nantong"), an indirect wholly-owned subsidiary of the Company, continued to provide storage solutions for petroleum products and petrochemicals throughout the Year. The company operates 21 storage tanks with a total capacity of 139,000 cubic metres in Jiangsu Province, the PRC, supporting logistics operations for its customers.

During the Year, Strong Nantong focused on optimising its service offerings and maintaining stable operations, despite shifts in market dynamics. While storage revenue was affected by industry developments, it remained committed to enhancing service quality and strengthening customer relationships to support long-term business stability. Strong Nantong continues to be a valuable asset, ensuring efficient logistics solutions within the Group's overall operations.

# Chairman's Statement

The Group remains dedicated to refining storage services, expanding partnerships, and aligning Strong Nantong's operations with evolving market demands. Strong Nantong will continue to play an important role in supporting the Group's logistics infrastructure while adapting to new business opportunities.

## Exploration, Exploitation and Operation of Crude Oil

In June 2024, Saint Ocean Investment Limited ("Saint Ocean"), a direct wholly-owned subsidiary of the Company, completed the acquisition of Success Plus Global Limited ("Success Plus"), which directly holds 100% equity interest in Pan-China Resources Ltd. ("Pan-China"). This acquisition strengthened the Group's presence in the oil and gas sector and reinforced its long-term investment in energy development.

Pan-China operates oil and gas development and production in relation to three blocks — Duannan, West Xiepo, and Xiaoji (collectively, "Kongnan Block") — located in Dagang Oilfield, Hebei Province, the PRC. Pursuant to a petroleum contract signed with China National Petroleum Corporation ("CNPC"), Pan-China holds full participating interest in the entitlement. Following the successful development of oil reserves, crude oil production is shared between Pan-China and CNPC, with revenue and operating costs allocated to Pan-China at 49% after full recovery of development costs.

Throughout the Year, Pan-China focused on optimising operations and enhancing production efficiency to maximise value from its oil reserves. With a strategic approach to field development and production planning, Pan-China successfully stabilised crude oil output despite fluctuations in global energy markets.

The petroleum contract, originally signed in 1997 for a maximum term of 30 years, remains a key framework for Pan-China's operations and is set to expire in 2027. During the second half of 2024, the Group proactively advanced discussions on securing an extension of the petroleum contract, ensuring continuity in its oil and gas operations. Management remains confident in the successful extension of the petroleum contract, with no foreseeable obstacles in the process.

With ongoing operational improvements and strategic investment in the oil and gas sector, Pan-China continues to support the Group's overall energy development initiatives, laying a solid foundation for long-term growth in the sector.

## Prospect

### Corporate Transition and Future Outlook

Since October 2024, the Group faced an exceptionally challenging period, marked by temporary operational disruptions, regulatory delays and uncertainties arising from a series of shareholders' disputes, and trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended since 31 December 2024. These setbacks tested the Company's resilience and the trust of our stakeholders.

In response to these difficulties, a comprehensive restructuring of the Board and management was undertaken. A new board of directors and management team was appointed, bringing a disciplined and transparent approach to corporate governance. With strategic leadership and decisive action, we have worked diligently to resolve outstanding issues, reinstate compliance, and restore stability, ensuring a return to normal operations and rebuilding trust. Currently, the Company is actively taking necessary measures to fulfil the resumption guidance and resume trading as soon as possible. With strengthened oversight and a renewed vision for growth, we believe that the Group has emerged stronger and more resilient, positioning itself for a future built on integrity, efficiency, and sustainable success.

### Advancing Oil and Gas Development

As part of its broader strategic expansion, the Group strengthened its presence in oil and gas development through the acquisition of Pan-China. Operating Kongnan Block, Pan-China provides the Group with a long-term foothold in the energy sector.

# Chairman's Statement

With well-established infrastructure and production capabilities, Pan-China is well-positioned to capture future opportunities in crude oil extraction and resource optimisation. Securing the extension of the petroleum contract beyond 2027 remains a key strategic priority, ensuring stable operations and sustained revenue generation. The Group continues to enhance operational efficiency, strategic expansion, and long-term stability, reinforcing the oil and gas project as a key pillar in its energy portfolio.

## Progress in Petrochemical Manufacturing

Further strengthening its industrial capabilities, Fujian Hong Kong Petrochemical Limited ("Fujian Petrochemical"), an indirect wholly-owned subsidiary of the Company, successfully completed the construction of Fujian Petrochemical's manufacturing plant ("Fujian Plant") in Quanzhou City, Fujian Province, the PRC. This milestone marks a significant expansion of the Group's manufacturing footprint in the petrochemical sector.

Following construction completion, Fujian Petrochemical commenced trial operations in mid-March 2025, refining processes to ensure optimal operational efficiency and product quality. The company continues to advance the Styrene Ethylene Butylene Styrene Thermoplastic Elastomer ("SEBS Project"), a two-phase production initiative with a planned annual production scale of 50,000 metric tonnes ("MT") upon full implementation. Recognised as a local provincial key project, the SEBS Project has received solid support from the local government, reinforcing confidence in its future development and market potential.

## Strategic Direction for 2026

Looking ahead, the Group remains focused on strengthening its position in its trading business. With geopolitical uncertainties impacting global market trends, the Group will prioritise flexibility, risk management, and strategic expansion to navigate 2026 successfully.

## APPRECIATION

On behalf of the board of directors of the Company ("Directors", collectively, the "Board"), I would like to convey my deep appreciation to our shareholders and business partners for their confidence, resilience, and steadfast commitment.

As we embark on this new chapter with a refreshed leadership team, we are mindful of the changes and grateful for the dedication shown throughout. While some have chosen new paths, we deeply appreciate the steadfast commitment of those who have remained and the valued colleagues who have returned. The dedication and resilience of our team will be instrumental in shaping the future of the Company.

As a new member of the Board myself, I am honoured to be part of this journey. I extend my heartfelt gratitude to our fellow colleagues and new Directors for their fresh perspectives, dedication, and invaluable contributions. Together, we will drive the Company toward excellence and sustained growth, ensuring a strong and prosperous future for the Group.

**Wang Qihong**

*Chairman*

Hong Kong, 12 June 2026

# Management Discussion and Analysis

## BUSINESS REVIEW

### Trading of Commodities

During 2024, international oil price driven by stronger demand from the PRC, heightened geopolitical tensions in the Middle East, and cautious supply growth from the United States' shale producers. Global inventories remained relatively balanced, but market sentiment was influenced by supply-demand uncertainties and geopolitical risks. In response to these market conditions, the Group adopted a more proactive approach to commodities trading while maintaining prudent risk management practices. We continued to focus on back-to-back trade arrangements and inventories at a low level of inventories to minimise exposure to price volatility. At the same time, we worked to strengthen relationships with our key customers and actively pursued new business opportunities. During the Year, the Group resumed crude oil trading, capitalising on favourable market conditions, while trading volume of coal decreased. Trading volumes of petroleum products and petrochemicals remained stable, supported by demand recovery in the PRC market.

### Storage and Other Ancillary Services for Petroleum Products and Petrochemicals and Leases

Strong Nantong, our indirect wholly-owned subsidiary, provides storage services with 21 storage tanks and a capacity of 139,000 cubic metres. Strong Nantong is principally engaged in providing storage services for gas oil and diesel fuel. The total throughput decreased from approximately 2,291,000 MT in 2023 to approximately 1,008,000 MT in 2024. During the Year, both revenue and profit before taxation declined, primary due to the termination of a significant customer contract. Despite this development, Strong Nantong continued to maintain stable operations and provide reliable storage services to its customer base.

### Exploration, Exploitation and Operation of Crude Oil

During 2024, the Group strengthened its upstream energy portfolio through the acquisition of Pan-China, which operates three blocks within the Kongnan Block of Dagang Oilfield in Hebei Province, the PRC. Under a petroleum contract with CNPC, Pan-China holds full participating interest and is entitled to 49% of production revenue after cost recovery. Throughout the second half of the Year, Pan-China focused on optimising field operations and enhancing production efficiency, enabling crude oil output to remain stable despite global market fluctuations. The Group also advanced discussions with CNPC on extending the petroleum contract beyond its 2027 expiry, laying the groundwork for continuity of operations. This strategic investment reinforces the Group's commitment to long term energy development and provides a solid foundation for sustainable growth in the oil and gas sector.

# Management Discussion and Analysis

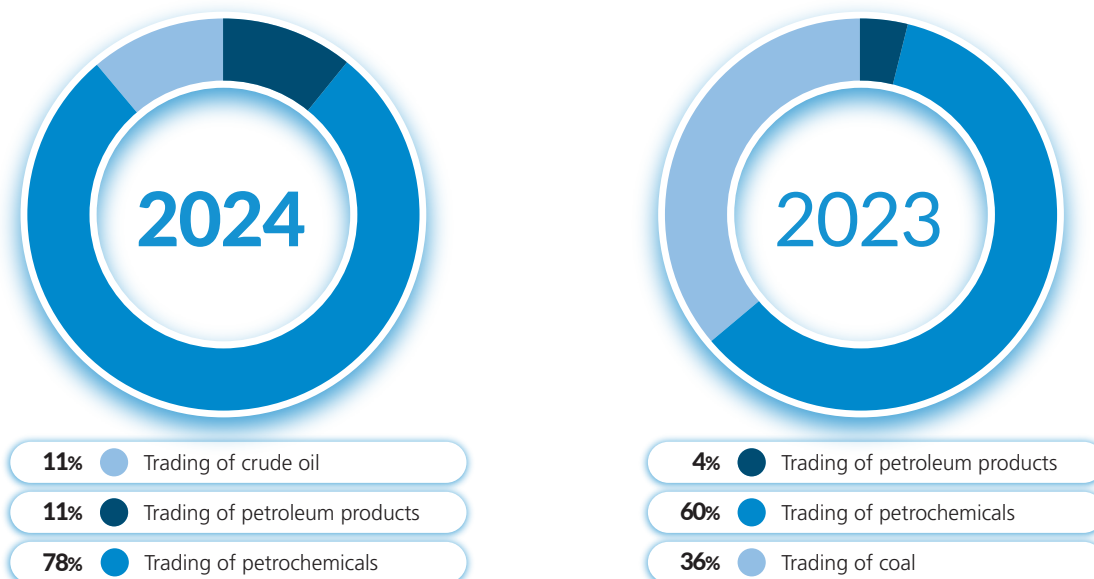
## FINANCIAL REVIEW

### Revenue

#### Trading of commodities

The Group is principally engaged in the trading of commodities. The revenue from trading business of the Group was approximately HK\$1,514.9 million (2023: approximately HK\$1,211.6 million) for the Year. Approximately 11% (2023: Nil) of the Group's revenue from trading business was generated from trading of crude oil for the Year. Approximately 78% (2023: 60%) of the Group's revenue from trading business was generated from trading of petrochemicals for the Year, while the revenue generated from trading of petroleum products for the Year was approximately 11% (2023: 4%). No revenue was generated from trading of coal for the Year (2023: 36%).

Analysis of revenue in percentage to total revenue from trading business by types of commodities:



# Management Discussion and Analysis

During the Year, the trading volume of petroleum products increased from 5,906 MT last year to 28,372 MT for the Year, primarily due to incremental business opportunities identified and pursued during the Year. The trading volume of petrochemicals increased from 131,138 MT last year to 192,963 MT for the Year, supported by stronger demand recovery in the PRC market. The trading volume of coal was 660,724 MT last year, with no coal trading recorded during the Year, as the Group adjusted its trading approach in response to evolving market dynamics and focused resources on other energy products with stronger growth potential. Meanwhile, crude oil trading resumed, achieving a volume of approximately 298,842 barrels for the Year (2023: Nil).

		Year ended 31 December					
Products	Unit	2024			2023		
		Number of contracts	Sales quantity	Revenue HK\$'000	Number of contracts	Sales quantity	Revenue HK\$'000
Trading of commodities							
Crude oil	barrel	1	298,842	174,636	–	–	–
Petroleum products	MT	7	28,372	163,071	4	5,906	47,430
Petrochemicals	MT	176	192,963	1,177,242	184	131,138	723,542
Coal	MT	–	–	–	18	660,724	440,629
Total		184		1,514,949	206		1,211,601

## Storage and other ancillary services for petroleum products and petrochemicals and leases

Revenue generated from the provision of general storage and other ancillary services for petroleum products and petrochemicals was approximately HK\$5.2 million for the Year (2023: approximately HK\$39.9 million). Approximately 34% (2023: 66%) of the Group's revenue from storage business for the Year was generated from general storage services. Other ancillary services, such as pipeline transmission, waste treatment and vehicle loading, accounted for approximately 66% (2023: 34%) of the Group's revenue from storage business.

Revenue generated from leases was approximately HK\$8.5 million (2023: approximately HK\$14.9 million) for the Year.

## Exploration, Exploitation and Operation of Crude Oil

Revenue generated from exploration, exploitation and operation of crude oil was approximately HK\$69.3 million while this business was commenced in late June 2024.

## Fair Value Changes on Derivative Financial Instruments

The Group has established trading teams to manage the overall physical cargo price exposure and controls it through offsetting oil derivative contracts according to the Group's risk management policies. As part of our stringent 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 market risk exposure.

During the Year, the Group reported a loss on fair value changes on derivative financial instruments of approximately HK\$1.0 million (2023: gain of approximately HK\$17.6 million).

## Gross Profit

The overall gross profit of the Group for the Year decreased to approximately HK\$24.1 million (2023: approximately HK\$41.6 million).

# Management Discussion and Analysis

## Loss Attributable to Owners of the Company

Loss attributable to owners of the Company for the Year was approximately HK\$327.5 million (2023: approximately HK\$95.4 million).

## Properties Held for Investment Reclassified to Property, Plant and Equipment

As at 31 December 2024, the Group held properties in Hong Kong with address at Penthouse and Car Parking Space Nos. 13 & 14 on 2/F, Overseas Trust Bank Building, 160 Gloucester Road, Hong Kong. The properties had been classified as investment properties and had been leased on a term of three years commencing in June 2021, generating operating lease income of approximately HK\$1.3 million for the Group during the Year (2023: approximately HK\$2.0 million). On 1 August 2024, the Group commenced use of the properties as its head office. Accordingly, the properties has been reclassified from investment properties to property, plant and equipment.

## 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 2024, the Group had deposits placed with brokers, pledged bank deposits and restricted bank balance, and bank balances and cash of approximately HK\$155.4 million (2023: approximately HK\$106.2 million), approximately HK\$103.2 million (2023: approximately HK\$25,000) and approximately HK\$878.6 million (2023: approximately HK\$456.6 million) respectively. The total of deposits placed with brokers, pledged bank deposits and restricted bank balance, and bank balances and cash (collectively, the "Liquidity Resources") were approximately HK\$1,137.2 million (2023: approximately HK\$562.8 million). Most of the Liquidity Resources were denominated in Renminbi ("RMB").

The equity attributable to owners of the Company decreased by approximately HK\$338.2 million to approximately HK\$960.4 million as at 31 December 2024 (2023: approximately HK\$1,298.6 million).

As at 31 December 2024, the Group had bank and other borrowings, represented by short-term loans and long-term loans, of approximately HK\$13.2 million (2023: Nil) and approximately HK\$322.5 million (2023: approximately HK\$159.9 million) respectively). As at 31 December 2024, the Group's gearing ratio was approximately 16% (2023: approximately 10%). The gearing ratio is calculated as the Group's total borrowings divided by total assets. The increase in gearing ratio is mainly because the Group has raised bank borrowings to support the construction of the Fujian Plant and the Group has acquired Success Plus during the Year.

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

As at 31 December 2024, the Group has banking facilities of US\$115.0 million and RMB10.0 million (equivalent to approximately HK\$907.8 million in total) from several banks. Save as disclosed in note 42 to the consolidated financial statements, the Group did not have any other charges on asset as at 31 December 2024.

The Group considers its foreign currency exposure mainly arising from the exposure of exchange between US\$ and HK\$ with limited exposure to Singapore Dollar and RMB. Since the exchange rate of US\$ against HK\$ is relatively stable during the Year, the exposure on foreign exchange is insignificant.

# Management Discussion and Analysis

## Pledge of Group Assets

As at 31 December 2024, property, plant and equipment of approximately HK\$430.3 million (2023: approximately HK\$37.8 million), right-of-use assets of approximately HK\$38.8 million (2023: approximately HK\$60.1 million) trade receivables of approximately HK\$13.8 million (2023: Nil), deposit of approximately HK\$1.0 million (2023: Nil) and zero pledged bank deposits (2023: approximately HK\$25,000) had been pledged to secure certain banking facility, bank and other borrowings granted to the Group.

## Contingent Liabilities

Save as disclosed in the section headed “Ongoing Legal Proceedings” in this report, as at 31 December 2024, the Group did not have any significant contingent liabilities.

## Litigation

### Litigation against Shandong Shengxing Chemical Co., Ltd. for unpaid trade debts

Reference is made to the announcement of the Company dated 11 December 2020, Strong Petrochemical Limited (Macao Commercial Offshore) (“Strong MCO”), the Company’s indirect wholly-owned subsidiary which was closed in 2021, has instituted legal proceedings against Shandong Shengxing Chemical Co., Ltd. (山東勝星化工有限公司) (“Shandong Shengxing”) in Dongying Intermediate People’s Court of Shandong Province of the People’s Republic of China (中華人民共和國山東省東營市中級人民法院) (the “Dongying Court”) in relation to unpaid trade debts which were due and payable to Strong MCO (the “Shandong Shengxing Legal Proceedings”).

According to the long-term trading cooperation agreements signed by Strong MCO and Shandong Shengxing on 24 August 2017 and 6 December 2019 respectively, Strong MCO agreed to sell crude oil to Shandong Shengxing and Shandong Shengxing agreed to purchase crude oil from Strong MCO.

Shandong Shengxing defaulted on its payment of the price of the crude oil payable to Strong MCO (the “Shandong Shengxing Default”) in the total sum of approximately US\$91.5 million (equivalent to approximately HK\$713.7 million) (the “Shandong Shengxing Outstanding Sum”). During the period from 1 June 2020 to 22 July 2020, Shandong Shengxing has made partial repayments of the Shandong Shengxing Outstanding Sum in a total sum of US\$8.5 million (equivalent to approximately HK\$66.3 million). As at 16 November 2020 and 31 December 2020, the unsettled Shandong Shengxing Outstanding Sum amounted to approximately US\$83.0 million (equivalent to approximately HK\$647.4 million) (the “Shandong Shengxing Unsettled Outstanding Sum”). Strong MCO filed a writ for the commencement of the Shandong Shengxing Legal Proceedings to claim for the Shandong Shengxing Unsettled Outstanding Sum on 16 November 2020, which was accepted by the Dongying Court on the same day.

Pursuant to a ruling made by the Dongying Court on 21 December 2020 (the “Dongying Court Ruling”), the Shandong Shengxing Default constituted a breach of contract. It was adjudged that Shandong Shengxing should bear the payment responsibility and compensate the economic loss of Strong MCO resulting from the Shandong Shengxing Default. Shandong Shengxing was therefore liable for the payment of Shandong Shengxing Unsettled Outstanding Sum. During the year ended 31 December 2021, the Group received partial payments from Shandong Shengxing of approximately US\$17.4 million (equivalent to approximately HK\$135.7 million). In December 2021, a debt renegotiation plan has been reached by the Group with Shandong Shengxing in which Shandong Shengxing agreed to repay the Shandong Shengxing Unsettled Outstanding Sum in full by instalments with accrued interest before December 2024 (the “Shandong Shengxing Agreement”). In December 2022, the Group and Shandong Shengxing has reached another agreement on the repayment schedule that Shandong Shengxing has to repay the Shandong Shengxing Unsettled Outstanding Sum in full by instalments before 30 June 2024 and the accrued interest before 31 December 2024 (the “Shandong Shengxing Supplemental Agreement”). During the Year, Shandong Shengxing paid approximately US\$23.1 million (equivalent to approximately HK\$180.4 million in total) as final settlement of the Shandong Shengxing Unsettled Outstanding Sum and the accrued interest in accordance with the Shandong Shengxing Supplemental Agreement.

# Management Discussion and Analysis

## Winding Up Petition against the Company in Cayman Islands

On 3 December 2024, Mr. Yao Guoliang filed a winding up petition (the “Cayman Petition”) in the Grand Court of the Cayman Islands in respect of the Company between Mr. Yao Guoliang as petitioner and Speed Success Group Limited (“Speed Success”), a company wholly owned by Mr. Wang Jian Sheng, as respondent. The petition sought relief on “just and equitable” grounds, including regulation of the Company’s affairs, compulsory purchase of shares, or winding up with appointment of joint liquidators. The winding-up petition is still ongoing. Details are disclosed in the announcements of the Company dated 4 December 2024, 10 December 2024 and 5 February 2025.

## Capital Commitments

Save as disclosed in note 41 to the consolidated financial statements, the Group did not have any other significant capital commitments as at 31 December 2024.

## Investment

The Group held an investment in SH Energy Fund 1 (“SH Energy”) as at 31 December 2023. Set below are the brief description of the business, performance and prospect of SH Energy.

As announced on 7 August 2020 and 14 August 2020, Strong New Energy Global Limited (“Strong New Energy”), an indirect wholly-owned subsidiary of the Company, has agreed to make a capital commitment to subscribe for up to 2.5 million participating shares in SH Energy, the cost of such investment is US\$25.0 million (equivalent to approximately HK\$195.0 million), approximately 99% shares held in the investment. SH Energy is managed by a fund manager and seeks to achieve its investment objective by investing in privately held oil and gas assets and companies in the explorative and/or production stage, as well as assets and companies involved in the upstream and/or downstream oil and gas production processes. By investing in SH Energy, it is expected that the Group can benefit from diversifying its revenue stream through investments in oil and gas assets and companies which demonstrate a strong performance record, which will in turn broaden the Groups revenue base. The Group acquired the principle assets of SH Energy (the “Acquisition”) during the first half of the Year. The details of the Acquisition are set up in the section “Material Acquisitions and Disposals, and Future Plans for Material Investments”. Subsequent to the Acquisition, the directors of SH Energy have informed the Group that SH Energy would be wind up and the entire participating share in SH Energy held by the Group would be compulsorily redeemed. In July 2024, the directors of SH Energy decided to compulsorily redeem all participating shares. Approximately US\$6.2 million (equivalent to approximately HK\$48.1 million) and approximately US\$0.1 million (equivalent to approximately HK\$0.9 million) were received from SH Energy as redemption proceeds on 26 July 2024 and 9 August 2024 respectively.

## Significant Investments

There were no significant investments held by the Group as at 31 December 2024, which represented over 5% of the Group’s total assets.

## Material Acquisitions and Disposals, and Future Plans for Material Investments

The realisation of the expected synergies, cost control, and growth opportunities and potentials upon integration of the acquired businesses are important to the Group’s success. The Group focuses 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. Failure to operate the acquired businesses successfully and thereby not achieving the expected financial benefits, may adversely affect the Group’s financial position and results.

# Management Discussion and Analysis

As announced on 26 June 2024, Saint Ocean, a direct wholly-owned subsidiary of the Company, has agreed to acquire the entire share capital of Success Plus at the consideration of US\$9.0 million (equivalent to approximately HK\$70.2 million). Success Plus holds the entire share capital of Pan-China. The principal business activity of Pan-China is the Oil and Gas Operations. Pan-China holds the entire participating interest in the entitlement and overriding royalty interest in Zhou 13 Block of Daqing Zhaozhou Oilfield of the PRC. The Board considers this Acquisition to be a valuable and attractive opportunity as the first and significant step for tapping into the upstream sector of oil industry and becoming an oil producer. The Acquisition was completed on 28 June 2024. This investment was supported by internal funds.

Fujian Petrochemical has set up the Fujian Plant in Quanzhou City, Fujian Province of the PRC and started its trial operations in mid-March 2025.

Save as disclosed above and in notes 17 and 45 to the consolidated financial statements, there were no other plans for material investments or capital assets, nor other material acquisitions and disposals of subsidiaries during the Year as at the date of this Annual Report.

## OTHER SIGNIFICANT EVENTS

### (1) Suspension of Trading on the Stock Exchange

Trading in the Company's shares (the "Shares") on the Stock Exchange has been suspended with effect from 9:00 a.m. on Tuesday, 31 December 2024 and will remain suspended pending the fulfilment of the guidance for the resumption of trading in the Shares as specified by the Stock Exchange (the "Resumption Guidance").

The suspension of trading arose from the various incidents involving the directors and former management of the Company (the "Matters") as disclosed in the announcements of the Company from 26 December 2024 to the date of this report.

### (2) Resumption Guidance

As stated in the announcement of the Company dated 11 March 2025, the Stock Exchange has set out the following Resumption Guidance for the Company: (a) conduct an independent forensic investigation into the Matters, assess the impact on the Company's business operation and financial position, announce the findings and take appropriate remedial actions; (b) demonstrate that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group's management and/or any person with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence; (c) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to comply with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"); (d) publish all outstanding financial results required under the Listing Rules and address any audit modifications; (e) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and (f) inform the market of all material information for the Company's shareholders and other investors to appraise the Company's position.

Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months (the "18-month Period"). In the case of the Company, the 18-month Period expires on 30 June 2026. If the Company fails to remedy the issues causing its trading suspension, fulfil the Resumption Guidance and fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in its Shares by 30 June 2026, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period or to cancel the listing of the Company immediately, where appropriate.

# Management Discussion and Analysis

### (3) Progress of Fulfilment of the Resumption Guidance

Details of the progress of the Company in fulfilment of the Resumption Guidance, please refer to the announcement of the Company published on 28 March 2025, 27 June 2025, 30 September 2025, 31 December 2025, 31 March 2026 and 12 June 2026 in accordance with Rule 13.24A of the Listing Rules. The Company will continue to set out the progress in the quarterly update announcements in due course.

## SUBSEQUENT EVENTS

### Appointment of the New Board of Directors and Management Team

As stated in the announcement of the Company dated 25 January 2025, a new board of directors and management was established following the extraordinary general meeting (the "EGM") held on 25 January 2025. Faced with the loss of key documents at the Company's former Hong Kong head office occupied by the former management prior to the EGM, the new leadership took immediate steps to retrieve and recover the stolen items to the extent possible. To address the Group's operational uncertainties and regulatory obstacles affected by the prolonged shareholders' disputes, the new management established an independent board committee to investigate into the Matters, engaged internal control adviser to conduct independent internal control review of the Group and actively discussed with the auditor of the Company to reinstate audit process. As stated in the announcements of the Company dated 17 October 2025 and 2 March 2026, the Company has also initiated legal proceedings against the former management with respect to their possible misconduct and damage caused to the Group.

As of the date of this report, the Company has resumed normal operations and the new management is committed to upholding the highest standards of integrity and efficiency to ensure long-term resilience and sustainable development of the Group.

### Appointment of Joint Liquidators of Controlling Shareholder

As stated in the announcements of the Company dated 23 December 2024, 17 January 2025 and 18 December 2025, on 8 December 2025, upon application by Jin Yao Holdings Ltd. ("Jin Yao"), a company wholly owned by Mr. Yao Guoliang, a former executive director of the Company, Forever Winner International Ltd. ("Forever Winner") is wound up pursuant to an order granted by the Eastern Caribbean Supreme Court in the High Court of Justice in the British Virgin Islands and joint liquidators (the "Liquidators") were appointed to Forever Winner under the provisions of the Insolvency Act 2003 (Revised 2020). As of the date of this report, to the knowledge of the Company, Forever Winner is the controlling shareholder of the Company and holds 1,041,746,000 ordinary shares of the Company, accounting for approximately 49.06% of the total issued share capital of the Company. Forever Winner is owned as to 50% by Jin Yao and 50% by Sino Century Holdings Limited ("Sino Century") which is wholly owned by Mr. Wang Jian Sheng who currently serves as a non-executive director of the Company.

### Commencement of the Offer Period

As stated in the announcement of the Company dated 25 February 2026, the Company was informed by the Liquidators that the Liquidators have sent out an invitation for expression of interest looking for potential purchasers of the 1,041,746,000 ordinary shares of the Company held by Forever Winner on 16 February 2026. If the above disposal of the shares by Forever Winner (the "Potential Transaction") materialises, it may trigger a mandatory general offer under Rule 26.1 of the Code on Takeovers and Mergers (the "Takeovers Code"). For the purpose of Practice Note 24 of the Takeovers Code and based on the fact that the Liquidators were actively looking a potential purchaser for the controlling stake of the Company as informed by the Liquidators, the offer period commenced on 25 February 2026.

# Management Discussion and Analysis

As stated in the announcement of the Company dated 27 March 2026, the Company was informed by the Liquidators that six parties expressed interest in the Potential Transaction and each of them was selected by the Liquidators to enter into the bidding process of the Potential Transaction.

As stated in the announcement of the Company dated 24 April 2026, the Company was informed by the Liquidators that the Liquidators have received five non-binding indicative offers in respect of the Potential Transaction, but have not entered into any agreement with the bidders.

As stated in the announcement of the Company dated 2 June 2026, the Company was informed by the Liquidators that on 29 May 2026, the Liquidators have entered into a sale and purchase agreement relating to disposal of 1,041,746,000 ordinary Shares with a bidder (namely Speed Success). Speed Success is wholly owned by Mr. Wang Jian Sheng.

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the Potential Transaction will be made until an announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company and/or the Liquidators as and when appropriate or required in accordance with the Listing Rules or the Takeovers Code (as the case may be).

## Ongoing Legal Proceedings

As stated in the announcement of the Company dated 17 October 2025, Strong Petrochemical Limited (“Strong HK”), an indirect wholly-owned subsidiary of the Company, filed a writ of summons with the High Court of Hong Kong against two former directors of Strong HK, Mr. Yao Guoliang and Dr. Tan Xiao. The claim relates to losses of approximately RMB37.0 million arising from a purported crude oil transaction in late 2024. Strong HK alleged that Mr. Yao Guoliang and Dr. Tan Xiao breached their fiduciary, common law and/or statutory duties owed to Strong HK.

As stated in the announcement of the Company dated 2 March 2026, the Company and Strong HK filed a writ of summons with the High Court of Hong Kong against Mr. Yao Guoliang and Dr. Tan Xiao, both former executive director of the Company and former directors of Strong HK, and several external entities. The claim relates to a series of unauthorised payments of approximately HK\$8.8 million made from a bank account of Strong HK between December 2024 and January 2025. The Company and Strong HK alleged that Mr. Yao Guoliang and Dr. Tan Xiao breached their fiduciary duties owed to the Company and Strong HK.

As stated in the announcement of the Company dated 27 March 2026, Strong Petroleum Singapore Private Ltd., an indirect wholly-owned subsidiary of the Company, received an arbitration award and a statutory demand served by a creditor in the total amount of approximately US\$4.0 million (equivalent to approximately HK\$31.0 million) plus interest, together with costs of approximately 0.28 million Singapore Dollar (equivalent to approximately HK\$1.6 million). The Company has already discussed with the other party the repayment schedule and reached agreement on the repayment arrangement.

# Management Discussion and Analysis

As stated in the announcement of the Company dated 1 April 2026, the Company received a writ of summons issued by the High Court of Hong Kong. The writ of summons was initiated by EuroAmerican International Energy L.L.C. (“EuroAmerican”) against the Company, three directors and/or management of the Company and two wholly-owned subsidiaries of the Company (collectively, the “Defendants”), seeking recovery of approximately US\$34.2 million (equivalent to approximately HK\$266.6 million) plus interest and costs under an arbitral award dated 24 March 2022 against Strong MCO which was liquidated in 2021. To the best knowledge of the Company, the claims against the Company and the other defendants are based on the alleged conspiracy, and are not claims arising from any contractual relationship between EuroAmerican and the Defendants. The Company denies the allegations and has engaged legal advisers to defend the claims. The Board will take all necessary steps to protect the Company’s position.

Save and except for the matters disclosed above and those the section headed “Other Significant Events” in this report, there have been no other material subsequent events following the end of the Year up to the date of this Annual Report.

## Employees

The number of employees of the Group increased to 268 as at 31 December 2024 (2023: 145) because of the acquisition of Success Plus and its subsidiary in June 2024. 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 packages which commensurate with the prevailing market practice to our employees, including provident fund, life and medical insurances, discretionary bonus, share options, and training for human resources upskilling.

# Biographical Details of Directors and Senior Management

## EXECUTIVE DIRECTORS

**Dr. WANG Pang Paul (“Dr. Wang”)**, aged 41, was appointed as an executive Director on 25 January 2025. He served as a member of the nomination committee of the Company (the “Nomination Committee”) and the remuneration committee of the Company (the “Remuneration Committee”) since 25 January 2025. Dr. Wang has rich experience in banking and finance. He has served as a research assistant professor in the school of accounting and finance in the Hong Kong Polytechnic University since 2022. Prior to that, he successively worked in the listing affairs department at Sinopec, the investment banking department at Bank of America Merrill Lynch and the global business services department at IBM. Dr. Wang is a chartered financial analyst. He obtained a Bachelor of Science in Engineering and a Master of Science in Engineering from the University of Illinois at Urbana-Champaign in 2007. He obtained a Master of Business Administration and a Master of Engineering Management from Northwestern University in 2012. Further, he obtained a M.Phil. and a doctor’s degree in Economics from the Hong Kong University of Science and Technology in 2018 and 2022, respectively. Dr. Wang is a son of Mr. Wang Jian Sheng, who is a controlling shareholder and who has been re-designated as a non-executive Director with effect from 25 January 2025. Dr. Wang is a director of Speed Success, which is part of the controlling shareholder group of the Company.

**Mr. CAO Xinzong (“Mr. Cao”)**, aged 58, was appointed as an executive Director on 25 January 2025. He has extensive experience in accounting and financial management. Prior to joining the Group, he served as accountant, accounting supervisor, and finance director in a subsidiary of China National Chemical Corporation. From 2013 to 2016, Mr. Cao worked as the finance manager in Hainan Huizhi Petrochemical Fine Chemical Co., Ltd., an indirect non-wholly owned subsidiary of the Company from December 2011 to May 2016. From 2016 to 2019, Mr. Cao worked as the financial controller in Hainan Strong Huineng Petrochemical Limited, an indirectly wholly owned subsidiary of the Company. He is now the financial controller of Fujian Hong Kong Petrochemical Limited, an indirectly wholly owned subsidiary of the Company. Mr. Cao studied computer science and graduated from Harbin College of Shipbuilding Engineering in 1990.

## NON-EXECUTIVE DIRECTOR

**Mr. WANG Jian Sheng**, aged 72, was an executive Director from 1 February 2008 and the chairman of the Company (the “Chairman”) from 1 February 2008 to 2 October 2024. He was re-designated as a non-executive Director (“NED”) on 25 January 2025. He had served as a member of the Remuneration Committee from 28 November 2008 to 2 October 2024 and the chairperson of the Nomination Committee from 16 March 2012 to 2 October 2024. In October 2000, Mr. Wang Jian Sheng invested in the Group and acted as a substantial shareholder. At the same time, he joined the Group as a supervisor. He graduated from Henan University of Science and Technology, previously known as Luoyang Industrial College, with a bachelor degree in metallic materials and heat process. He is responsible for overseeing the function of the Board, formulating major corporate and business strategies, and identifying business goals and the related business plan at the high level.

# Biographical Details of Directors and Senior Management

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. WANG Qihong**, aged 73, was appointed as an independent non-executive Director (“INED”) and the Chairman on 25 January 2025. He served as the chairperson of the Nomination Committee, a member of the audit committee of the Company (the “Audit Committee”) and the Remuneration Committee since 25 January 2025. Mr. Wang Qihong worked in the Materials Bureau of the former Ministry of Posts and Telecommunications of the PRC and China National Postal and Telecommunications Appliances Corp. He was sent to Hong Kong by the Ministry of Posts and Telecommunications in 1991, where he served as a deputy general manager of Postel Development Co. Ltd., the Hong Kong branch of the Ministry of Posts and Telecommunications, and a deputy general manager of Town Khan Limited. Mr. Wang Qihong has participated in a number of projects regarding the modernisation development and technology introduction of posts and telecommunications in the PRC since 1976, including the introduction of the first mobile communication equipment in the PRC, playing a significant role in the modernisation of communication in the PRC. Since January 2006, he has been an independent non-executive director of China Daye Non-Ferrous Metals Mining Limited (stock code: 661) whose shares are listed on the main board of the Stock Exchange. Mr. Wang Qihong graduated from Liaoning University and International College of Economics and Management (currently merged with the University of International Business and Economics).

**Dr. LU Guoyang (“Dr. Lu”)**, aged 34, was appointed as an INED on 25 January 2025. He served as the chairperson of the Remuneration Committee and a member of the Audit Committee since 25 January 2025. Dr. Lu is an Assistant Professor at City University of Hong Kong. He currently serves as a director of the American Society of Civil Engineers (ASCE) Greater China Section, the secretary of the Asphalt Pavement Discipline of the World Transportation Convention (WTC) Scientific Committee, secretary of Advances in Materials and Pavement Performance Prediction (AM3P) 2022 in Hong Kong, chair of Young Scholar Committee of the International Association of Chinese Infrastructure Professionals (IACIP), member of the Standing Committee on Polymer Concretes, Adhesives, and Sealers (AKM90) of TRB, and academic member of Academy of Pavement Science and Engineering (APSE). He also serves as an Associate Editor of the Journal of Cleaner Production and Editor of the Journal of Cleaner Materials. Dr. Lu holds a Bachelor of Highway Engineering from Southeast University, a Master of Structural Engineering from the University of Sheffield and a doctor’s degree in Highway Engineering from RWTH Aachen University. His research interests mainly include intelligent transportation infrastructural materials and technologies, simulation of pavement structures and materials, and nondestructive evaluation of transportation infrastructure.

**Ms. TAM Yuk Yu (“Ms. Tam”)**, aged 39, was appointed as an INED on 25 January 2025. She served as the chairperson of the Audit Committee, a member of the Nomination Committee and the Remuneration Committee since 25 January 2025. Ms. Tam has over ten years of experience in the field of accounting and audit. She has been an independent non-executive director of Vicon Holdings Limited since November 2024 (stock code: 3878) whose shares are listed on the main board of the Stock Exchange. From February 2018 until January 2023, she was a senior accountant at Philip Morris Asia Limited. From July 2015 to July 2017, she joined B. & McK. Services Limited as assistant billing manager in the accounts department. From August 2014 to June 2015, she was an audit senior at Wong C. Fung & Co. From March 2013 to March 2014, she was finance manager at China Merchants Finance Holdings Co., Ltd., a subsidiary of China Merchants Group. Ms. Tam joined KPMG as an audit associate in July 2008, where she remained until March 2013 with her last position as assistant manager. Ms. Tam obtained a Bachelor of Business Administration from the Hong Kong University of Science and Technology in 2008. She has been a member of the Hong Kong Institute of Certified Public Accountants since January 2012.

# Biographical Details of Directors and Senior Management

## SENIOR MANAGEMENT

**Mr. Francis TAN Boon Chye (“Mr. Tan”)**, aged 72, is the general manager and a director of Strong Petroleum Singapore Private Ltd. (“Strong Singapore”). Mr. Tan is a member of the Institute of Petroleum (London) since 1984. Mr. Tan has over 40 years of experience in the oil industry from cargo and blending operations, shipping and chartering, oil broking (middle distillates) to oil trading. Mr. Tan is responsible for the overall oil operations of Strong Singapore since he joined the Group in 2009.

**Mr. ZHANG He (“Mr. Zhang”)**, aged 65, was appointed as the Head of Greater China of the Company on 25 January 2025. He obtained a bachelor’s degree in economics from Renmin University of China in August 1982. Before joining the Group, he worked as an auditor at Deloitte International Tokyo Office and a lecturer at Renmin University of China. He later held executive positions in financial management at major corporations, including Beijing Everbright Industrial Corporation, China Everbright Group, and Everbright International Trading Corporation, as well as senior leadership roles at various companies listed on the main board of the Stock Exchange, such as China Daye Non-Ferrous Metals Mining Limited (stock code: 661). From March 2013 to October 2024, Mr. Zhang served as the main representative of Greater China for the Company. With over four decades of expertise in financial management, corporate governance, investment strategy, and oil trading, he is responsible for managing and coordinating all domestic subsidiaries affiliated with the Company, overseeing strategic development, risk management, and market expansion across Greater China.

**Ms. KWAN Pui Shan (“Ms. Kwan”)**, aged 42, was appointed as the chief financial officer and the company secretary of the Company on 25 January 2025. She is a fellow of the Hong Kong Institute of Certified Public Accountants. She obtained a Bachelor of Business Administration in 2006 and a Master of Business Administration in 2017 from the Chinese University of Hong Kong. Ms. Kwan joined the Group in July 2012 and served as the chief financial officer of the Company from January 2020 to November 2024. Prior to that, she served as manager in KPMG. Ms. Kwan has extensive experience in auditing, financial management and company secretarial matters.

# Corporate Governance Report

The Board has pleasure to present the Corporate Governance Report of the Company for the Year. The Company is committed to strict adherence to the high corporate governance standards. The Board believes it is fundamental and essential to fulfil public and corporate responsibilities, develop the Group sustainably, enhance shareholders' value and safeguard interests of stakeholders. The Company has applied the principles of the Corporate Governance Code (the "CG Code") set out in Part 2 of Appendix C1 to the Listing Rules on the Company's corporate governance structure and operation in the manner as stated in this Annual Report.

Save as disclosed in the Corporate Governance Report, the Company has fully complied with the CG Code and met the code provisions set out in Part 2 of Appendix C1 to the Listing Rules during the Year.

## THE BOARD

### Responsibilities

The Board is responsible for the overall management, which assumes the responsibility for leadership and control of the Company, and the Directors are collectively responsible for promoting the success of the Company by directing and supervising its affairs, overseeing the achievement of strategic plans, and monitoring its long term performance to enhance shareholders' value. The management of the Group (the "Management") is delegated with authority and responsibility for the day-to-day operations of the Group under the leadership of the Board.

During the Year, the role of the then Chairman, successively served by Mr. Wang Jian Sheng and Mr. Deng Heng, is separated from that of the then chief executive officer of the Company ("CEO"), Mr. Yao Guoliang. Currently, Mr. Wang Qihong takes up the role of Chairman and the role of CEO is temporarily vacant. Their respective responsibilities are clearly defined and segregated to reinforce their independence and accountability.

The Chairman is responsible for providing leadership and governance to the Board and ensuring that the Board and its committees function effectively. He approves strategies and policies of the Group and supervises the Management on their implementation to ensure value creation and maximisation for shareholders. He takes part in cultivating and maintaining good relationships with strategic associates and creating a favourable environment for the development of the Group's businesses.

The CEO is responsible for leading the day-to-day operations of the Group's businesses to achieve its business and financial targets. Acting as the principal manager, he develops operating plans and strategies to the Board and ensures the effective implementation of the strategies and policies adopted and prioritised by the Board supported with effective and competent Management built and maintained by him. He maintained ongoing dialogue with the Chairman and all Directors to keep them timely and appropriately informed of all major changes and business development.

Directors have full and timely access to information of the Group as the Chairman ensures that the Management will supply the Board and its committees with all relevant information in a timely manner, as well as the advices and services of the company secretary of the Company (the "Company Secretary"), with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Directors may make further enquiries if in their opinion it is necessary or appropriate to request for further information. They also have unrestricted access to the advices and services of the Company Secretary, who is held responsible for providing Directors with Board papers and related materials and ensuring that all proper Board procedures are followed and that all applicable laws and regulations are complied with. When needed and upon making reasonable request to the Board, the Directors may seek independent professional advice at the Company's expense in assisting them to carry out their duties. Insurance cover has been appropriately arranged to the Directors in connection with the performance of their responsibilities.

# Corporate Governance Report

The presence of one NED and three INEDs is considered by the Board to be a reasonable balance between executive and non-executive Directors. The Board is of the opinion that such balance can provide adequate checks and balances for safeguarding the interests of shareholders and of the Group.

All NED and INEDs are engaged with a fixed term of three years service with the Company and may be terminated by either party giving not less than one month's prior written notice. Shareholders may propose a candidate for election as Director in accordance with the Company's articles of association. All Directors appointed to fill a vacancy are subject to re-election at the first annual general meeting of shareholders after appointment in accordance with Article 86(3) of the Company's articles of association. In accordance with Article 87 of the Company's articles of association, every Director shall be subject to retirement by rotation at least once every three years.

The Company has received written annual confirmations from all current INEDs as to their independence as required under the Listing Rules. All current INEDs are absent from involvement in daily management of the Company or any relationships or circumstances which would interfere their independence.

The INEDs bring a wide range of business and financial expertise, experiences and independent judgment to the Board. Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all current INEDs make various contributions to the effective direction of the Company.

## Diversity Policy

In order to achieve a diversity of perspectives among members of the Board, the Company has adopted the board diversity policy (the "Board Diversity Policy") throughout the Year and has made it available on the website of the Company for better transparency and governance. It is the policy of the Company to consider a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, when determining the composition of the Board. The Company has one female INED, which is in compliance with Rule 13.92 of the Listing Rules. The Board considers that the Company has achieved gender diversity at the Board level and targets to maintain at least the current level of female representation. In addition to gender diversity, the Nomination Committee took the view that the measurable objectives for Board diversity had been achieved to a large extent for the Year.

The Company will also take into account factors based on its own business model and specific needs from time to time. The appointments of all members of the Board will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness.

The Company values gender diversity across all levels of the Group. The employee gender ratio (male:female) as at 31 December 2024 is 213:55. The Group, when hiring employees, considers a number of factors, including but not limited to gender, age, cultural and education background, qualification, ethnicity, professional experience, skills, knowledge and length of service, and the Group will make sure achieving gender diversity across the workforce. The Board is satisfied that the Company has achieved gender diversity in its workforce.

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report on pages 38 to 81 of this Annual Report.

# Corporate Governance Report

## Delegation by the Board

The day-to-day management, administration and operation of the Company are delegated to the CEO and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers. The Board has the full support of the CEO and the senior management to discharge its responsibilities.

All committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, have specific terms of reference clearly defining the authorities and responsibilities of the respective committees. All committees are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any actions.

The Board reviews, on an annual basis, all delegations by the Board to different committees to ensure that such delegations are appropriate and continue to be beneficial to the Company as a whole.

## BOARD COMPOSITION, BOARD AND COMMITTEE MEETINGS

As at 31 December 2024, the Board comprises four executive Directors and three INEDs. As at the date of this report, the Board comprises two executive Directors, one NED and three INEDs. Their biographical details are set out in the section of this Annual Report headed "Biographical Details of Directors and Senior Management" and are posted on the Company's website. The Company has met the requirements of the Listing Rules relating to the appointment of at least three INEDs with at least one of whom is with appropriate professional qualifications or accounting or related financial management expertise throughout the Year. All current Directors give sufficient time and attention to the affairs of the Group. Directors appointed on 25 January 2025, including Dr. Wang Pang Paul, Mr. Cao Xinzhong, Mr. Guo Yan Jun (resigned on 8 July 2025), Mr. Wang Qihong, Dr. Lu Guoyang and Ms. Tam Yuk Yu have confirmed that they obtained the legal advice required under Rule 3.09D of the Listing Rules on 25 January 2025 and understood their responsibilities as Directors.

The Board meets at least four times each year and more frequently as the needs of the business demand. The Company's memorandum and articles of association provide for participation at meetings via telephone and other electronic means. Apart from the Board meetings, the Board would from time to time devote separate sessions to consider and review the Group's strategy and business activities. The attendance of the Directors at the Board meetings during the Year is set out in the table under the section of "Meetings Held and Attendance" below.

## Practices and Conduct of Meetings

The annual meeting schedule and the agenda of each meeting are made available to Directors in advance.

Notice of regular Board meetings is served to all the Directors at least 14 days before the meetings, so that the Directors are given an opportunity to include matters in the agenda for discussion. For other Board and committee meetings, reasonable notice is given.

The Company Secretary assists the Chairman in preparing the agenda for the meeting and ensures that all applicable rules and regulations in connection with the meetings are observed and complied with. Papers for Board meetings or committee meetings together with all relevant information are sent to all the Directors or committee members at least three days before each meeting to enable them to make informed decisions with adequate data. When Directors are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. The Board and each Director also have direct and independent access to the Management whenever necessary.

# Corporate Governance Report

According to the current Board practice, any material transaction involving a conflict of interest with a substantial shareholder or a Director will be considered and dealt with by the Board at a duly convened Board meeting. The Company's articles of association also contains provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

## BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee particular aspects of the Company's affairs. Specific responsibilities of each committee are described below. All committees have defined terms of reference which are of no less exacting terms than those set out in the CG Code.

### Audit Committee

The Audit Committee comprises three INEDs who possess relevant business and financial management experience. The Company Secretary acts as the secretary of the Audit Committee. None of the members is employed by or otherwise affiliated with the former or existing auditor of the Company. Currently, the Audit Committee is chaired by Ms. Tam Yuk Yu, 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.

The Audit Committee has undertaken a review of all the non-audit services provided by the Company's auditor, Messrs. BDO Limited, during the Year, and is satisfied that such services would not affect the independence of Messrs. BDO Limited as the Company's auditor.

The terms of reference of the Audit Committee are posted on the Company's website and include the following:

### Relationships with the Company's auditor

- (i) To act as the key representative body for overseeing the Company's relation with the external auditor, and to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to consider any questions of their resignation or dismissal.
- (ii) To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable accounting standard, and to discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences.
- (iii) To develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed.

# Corporate Governance Report

## Review of the Company's financial information

- (iv) To monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:
  - (a) any changes in accounting policies and practices;
  - (b) major judgmental areas;
  - (c) significant adjustments resulting from audit;
  - (d) the going concern assumptions and any qualifications;
  - (e) compliance with accounting standards; and
  - (f) compliance with the Listing Rules and legal requirements in relation to financial reporting.
- (v) Regarding (iv) above:
  - (a) members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Company's auditor; and
  - (b) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditor.

## Oversight of the Company's financial reporting system, risk management and internal control systems

- (vi) To review the Company's financial controls, and unless expressly addressed by a separate risk committee, or by the Board itself, to review the Company's risk management and internal control systems.
- (vii) To identify the risk of the Group and decide on risk levels and risk appetite.
- (viii) To approve major decisions affecting the Group's risk profile or exposure and give such guidelines as it considers appropriate.
- (ix) To consider the effectiveness of decision making processes in crisis and emergency situations.
- (x) To discuss the risk management and internal control system with the Management to ensure that the Management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.
- (xi) To consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the Management's response to these findings.

# Corporate Governance Report

- (xii) Where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness.
- (xiii) To review the Group's financial and accounting policies and practices.
- (xiv) To review the external auditor's management letter, any material queries raised by the auditor to the Management about accounting records, financial accounts or systems of control and the Management's response.
- (xv) To ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter.
- (xvi) To report to the Board on the matters set out herein.
- (xvii) To consider other topics, as defined by the Board.
- (xviii) To review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

The major work of the Audit committee for the Year are as follow:

- (i) Reviewed the annual financial results for the year ended 31 December 2023 and the interim financial results for the six months ended 30 June 2024. During the review process, the members performed sufficient and necessary communication with the Company's external auditor and the management of the Company and fulfilled the committee's duties in ensuring the Company's compliance with regulations, completeness and accuracy of the financial results disclosed by the Company.
- (ii) Reviewed and discussed the work for internal audit and risk management of the Company and considered and approved the 2023 internal audit reports and the risk assessment report of the Company, and proposed to pay attention to data security. The Company should strengthen the management of audit work, and the key areas and links of overseas audit should be fully covered and normalised. Meanwhile, the Company should also strengthen internal audit training and strengthen the application of big data in audit work.
- (iii) Reviewed the provision for asset impairment and the connected transactions of the Company. The Audit Committee required the Company to pay attention to the changes of industry environment and attach importance to the evaluation of investment strategy.

Regarding the appointment of the auditor, the current Audit Committee unanimously approved the re-appointment of Messrs. BDO Limited as auditor of the Company for the year ended 31 December 2025.

During the Year, the Audit Committee held two meetings and reviewed the preliminary interim and annual results, the internal controls of the Group, and performed the duties and responsibilities under the terms of reference and as set out in the CG Code.

# Corporate Governance Report

The Audit Committee reviews the Group's risk management policies annually. A high level review of internal controls of the Group was performed at the end of the Year. The Audit Committee will continue to examine the Group's systems and policies for assessing and taking action to contain the different types of risks in its various operations as part of the Audit Committee's ongoing review of the adequacy of the Group's internal controls.

The Audit Committee has full access to and has co-operated with the Management and it has been given the resources required for it to discharge its functions properly. It has full discretion to invite any Director and executive officer to attend its meetings. The Audit Committee has also met with the external auditor, without the presence of the Management during the Year.

In addition, the Audit Committee keeps under constant review changes to Hong Kong Financial Reporting Standards with the assistance of the external auditor to assess their application to the accounting policies adopted by the Group and, where applicable, their effective adoption by the Group.

All the recommendations of the Audit Committee to the Management and the Board were accepted and implemented.

Subsequent to the Year end, the Audit Committee has reviewed the Group's audited consolidated financial statements for the Year, including the accounting principles and practices adopted by the Group, and recommended them to the Board for approval.

## Remuneration Committee

The Remuneration Committee comprises three members whereas the majority of the members must be INEDs. Currently, the Remuneration Committee is chaired by Dr. Lu Guoyang, an INED. The Company Secretary acts as the secretary to the Remuneration Committee.

The Remuneration Committee is responsible for recommending to the Board a framework for the remuneration of Directors and key executives, and to determine the remuneration packages of executive Directors and senior management of the Group. The review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and other benefits. The Remuneration Committee also oversees the administration of the Company's share option scheme. The Remuneration Committee's recommendations are made in consultation with the CEO and submitted for endorsement by the Board. No Director is involved in any decision making, in respect of any remuneration or compensation to be offered or granted to him.

The terms of reference of the Remuneration Committee are posted on the Company's website and include the following:

- (i) To make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.
- (ii) To review and approve the Management's remuneration proposals with reference to the Board's corporate goals and objectives.

# Corporate Governance Report

(iii) Either:

- (a) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management; or
- (b) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

- (iv) To make recommendations to the Board on the remuneration of non-executive Directors.
- (v) To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.
- (vi) To review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive.
- (vii) To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and that are otherwise reasonable and appropriate.
- (viii) To ensure that no Director or any of his or her associates is involved in deciding his or her own remuneration.
- (ix) To review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

During the Year, the Remuneration Committee held three meetings to review the remuneration package of the previous Directors and senior management.

None of individual Director is involved in deciding his/her own remuneration.

For details of the remuneration of the then Directors and the then senior management during the Year, please refer to note 11 to the consolidated financial statements.

## Nomination Committee

The Nomination Committee comprises two INEDs and one executive Director, and is currently chaired by Mr. Wang Qihong, the Chairman. The Company Secretary acts as the secretary to the Nomination Committee.

The Nomination Committee is guided by its terms of reference, which sets out its responsibilities. It is responsible for the review of candidates for nomination or re-nomination as Directors, taking into consideration each candidate's qualifications and experience and how he or she can contribute to the effectiveness of the Board. The Nomination Committee is also responsible for recommending a framework for evaluation of the Board effectiveness, as well as evaluation of Board effectiveness and the contribution of each individual Director to the effectiveness of the Board.

# Corporate Governance Report

The terms of reference of the Nomination Committee are posted on the Company's website and include the following:

- (i) To review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.
- (ii) To be responsible for nominating for the approval of the Board, candidates to fill Board vacancies as and where they arise.
- (iii) Before appointment is made by the Board, evaluate the balance of skill, knowledge and experience on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment.
- (iv) To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships.
- (v) To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the CEO.
- (vi) To assess the independence of INEDs.
- (vii) To review the Board Diversity Policy and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and make disclosure of its review results in the Corporate Governance Report of the Company.
- (viii) To do any such things to enable the Nomination Committee to discharge its duties conferred on it on by the Board.

During the Year, the Nomination Committee held four meetings to review the composition of the Board and the suitability of Directors proposed for re-appointment at the AGM and the candidates for nomination as Directors.

For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation. A circular setting out information as required pursuant to the applicable laws, rules and regulations of the proposed candidates will be sent to the shareholders. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

The Nomination Committee is also charged with the responsibility of determining annually whether a Director is independent. Each member of the Nomination Committee will not take part in determining his or her own re-nomination or independence.

Under the articles of association of the Company, at least one-third of the Directors are required to retire from office by rotation and they are eligible for re-election at the AGM. Thus, each Director must retire from office at least once every three years. In addition, all Directors appointed to fill a vacancy are subject to re-election at the first general meeting of shareholders after appointment in accordance with Article 86(3) of the Company's articles of association.

The Nomination Committee has recommended the re-nomination of Dr. Wang Pang Paul, Mr. Cao Xinzhang, Mr. Wang Jian Sheng, Mr. Wang Qihong, Dr. Lu Guoyang and Ms. Tam Yuk Yu for re-election at the forthcoming AGM. The Board has accepted the Nomination Committee's recommendation.

# Corporate Governance Report

## Meetings Held and Attendance

Details of Directors' attendance of the Board meetings, three special committees meetings, the general meetings held during the Year are set out as follows:

Name of Director	Meetings attended/Meetings held					EGM held on 27 December 2024 (adjourned)
	Board	Audit Committee	Remuneration Committee	Nomination Committee	AGM held on 23 May 2024	
<b>Executive Directors</b>						
Mr. Wang Jian Sheng (re-designated as Non-Executive Director on 25 January 2025)	note 1	N/A	note 2	note 3	1/1	1/1
Mr. Yao Guoliang (removed on 25 January 2025)	note 1	N/A	note 2	note 3	1/1	1/1
Dr. Ma Yi (appointed on 2 October 2024 and removed on 25 January 2025)	note 1	N/A	N/A	N/A	N/A	1/1
Dr. Tan Xiao (appointed on 14 October 2024 and removed on 25 January 2025)	note 1	N/A	N/A	N/A	N/A	1/1
<b>Independent Non-executive Directors</b>						
Ms. Cheung Siu Wan (resigned on 25 October 2024)	note 1	2/2	N/A	note 3	1/1	N/A
Prof. Chan Yee Kwong (resigned 25 October 2024)	note 1	2/2	note 2	note 3	1/1	N/A
Mr. Deng Heng (removed on 25 January 2025)	note 1	2/2	note 2	note 3	1/1	1/1
Ms. Jiao Jie (appointed on 25 October 2024 and removed on 25 January 2025)	note 1	N/A	N/A	N/A	N/A	1/1
Mr. Lai Wai Chi (appointed on 25 October 2024 and removed on 25 January 2025)	note 1	N/A	N/A	note 3	N/A	1/1

Note:

- To the best knowledge of the Company, four Board meetings were held from 1 January 2024 to 1 October 2024. Mr. Wang Jian Sheng, Mr. Yao Guoliang, Ms. Cheung Siu Wan, Prof. Chan Yee Kwong and Mr. Deng Heng attended all four Board meetings. Since the minutes for the Board meetings held on or after 2 October 2024 till 24 January 2025 were missing, the Company is unable to provide the relevant data.
- To the best knowledge of the Company, one Remuneration Committee meeting was held from 1 January 2024 to 1 October 2024. Prof. Chan Yee Kwong, Mr. Deng Heng and Mr. Wang Jian Sheng attended the Remuneration Committee meeting. Since the minutes for the Remuneration Committee meetings held on or after 2 October 2024 till 24 January 2025 were missing, the Company is unable to provide the relevant data.
- To the Best knowledge of the Company, one Nomination Committee meeting was held from 1 January 2024 to 1 October 2024. Mr. Wang Jian Sheng, Ms. Cheung Siu Wan and Mr. Deng Heng attended the Nomination Committee meeting. Since the minutes for the Nomination Committee meetings held on or after 2 October 2024 till 24 January 2025 were missing, the Company is unable to provide the relevant data.

# Corporate Governance Report

Apart from regular Board meetings, the Chairman also held meeting with INEDs without the presence of the other executive Director during the Year.

Apart from the AGM held on 23 May 2024, the Company had planned to convene an extraordinary general meeting (“EGM”) on 27 December 2024, which was adjourned to 15 January 2025 and further adjourned to and convened on 25 January 2025, details of which are disclosed in the announcements of the Company dated 30 October 2024, 11 November 2024, 19 November 2024, 27 December 2024, 17 January 2025 and 27 January 2025. Save as disclosed above, the Company has not held any other general meetings during the Year.

## CORPORATE GOVERNANCE FUNCTIONS

The Board did not establish a corporate governance committee but has delegated its responsibility for performing corporate governance duties to the respective Board committees. During the Year, the Board and Board committees have developed and reviewed the Group’s policies and practices on corporate governance and made recommendations to the Board; reviewed and monitored the training and continuous professional development of Directors and senior management; reviewed and monitored the Group’s policies and practices on compliance with legal and regulatory requirements; reviewed and monitored the code of conduct and the compliance manual applicable to employees and Directors; and reviewed the Group’s compliance with the CG Code and disclosure in the Corporate Governance Report.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding the Directors’ securities transactions. Having made specific enquiries by the Company, Mr. Wang Jian Sheng has confirmed that he had complied with the required standards set out in the Model Code during the Year. Due to the inability to contact the then Directors (except for Mr. Wang Jian Sheng), the Company has not been able to obtain their confirmations of compliance 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 inside information in relation to the Company or its securities. The Company has received written annual compliance declaration from employees to confirm their compliance.

## DIVIDEND POLICY

The Company has adopted a general dividend policy (the “Dividend Policy”) that aims to provide dividends to shareholders of the Company out of the Group’s profit attributable to shareholders in any financial year, subject to the criteria set out below.

Such declaration and payment of dividends shall remain to be determined at the sole discretion of the Board and subject to all applicable requirements (including without limitation, restrictions on dividends declaration and payment) under the Companies Act, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and the Company’s articles of association.

# Corporate Governance Report

The Board shall also take into account the following factors when considering the declaration and payment of dividends:

- the Group's actual and expected financial performance;
- retained earnings and distributable reserves of the Company and each of the members of the Group;
- the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- the Group's liquidity position;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems relevant.

The Board may propose the payment of dividends, if any, with respect to the Shares on a per share basis. In addition to cash, dividends may be distributed in the form of Shares subject to and in accordance with the procedures set out in the Company's memorandum and articles of association.

Except for interim dividends, any dividends declared by the Company must be approved by an ordinary resolution of shareholders at the general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the shareholders such interim dividends as appear to the Directors to be justified by the profit of the Company available for distribution.

The Board will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare dividends at any time or from time to time.

## INDUCTION AND CONTINUOUS DEVELOPMENT OF DIRECTORS

All Directors, upon appointment to the Board, shall receive an induction package (the "Package") designed to enhance their knowledge and understanding of the Group's culture and operations by senior management. The Package usually includes a briefing on the Group's structure, businesses and governance practices. Every Board member receives a memorandum on Director's responsibilities upon joining the Board, which lays down the guidelines on conduct, Directors' duties, and other key governance issues.

During the Year, the Company provided continuous professional training and the then Directors (namely, Mr. Wang Jian Sheng, Mr. Yao Guoliang, Ms. Cheung Siu Wan, Prof. Chan Yee Kwong and Mr. Deng Heng) received regular updates and presentations on changes and developments to the Group's business and to the legislative and regulatory environments in which the Group operates to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are also encouraged to attend relevant training courses at the Company's expense.

# Corporate Governance Report

During the Year, the Company Secretary provided the then Directors (namely, Mr. Wang Jian Sheng, Mr. Yao Guoliang, Ms. Cheung Siu Wan, Prof. Chan Yee Kwong and Mr. Deng Heng) with the latest information on the Listing Rules and other applicable requirements, so as to update and strengthen the Directors' awareness of the development of corporate governance, and maintained records of training participated by the Directors. The means of such training are as follows:

Name of Directors	Reading Materials	Seminars/talks/ training courses
<b>Executive Directors</b>		
Mr. Wang Jian Sheng (re-designated to Non-executive Director on 25 January 2025)	✓	✓
Mr. Yao Guoliang (removed on 25 January 2025)	✓	✓
Dr. Ma Yi (appointed on 2 October 2024 and removed on 25 January 2025)	note	note
Dr. Tan Xiao (appointed on 2 October 2024 and removed on 25 January 2025)	note	note
<b>Independent Non-executive Directors</b>		
Ms. Cheung Siu Wan (resigned on 25 October 2024)	✓	✓
Prof. Chan Yee Kwong (resigned on 25 October 2024)	✓	✓
Mr. Deng Heng (removed on 25 January 2025)	✓	✓
Ms. Jiao Jie (appointed on 25 October 2024 and removed on 25 January 2025)	note	note
Mr. Lai Wai Chi (appointed on 25 October 2024 and removed on 25 January 2025)	note	note

The then Directors (namely, Mr. Wang Jian Sheng, Mr. Yao Guoliang, Ms. Cheung Siu Wan, Prof. Chan Yee Kwong and Mr. Deng Heng) read materials relevant to the Company's business or to their duties and responsibilities.

The then Directors (namely, Mr. Wang Jian Sheng, Mr. Yao Guoliang, Ms. Cheung Siu Wan, Prof. Chan Yee Kwong and Mr. Deng Heng) understand the importance of continuous professional development and are committed to participating in any suitable training to develop and refresh their knowledge and skills.

*Note:* Due to the inability to contact the former Company Secretary and the former Directors (namely, Dr. Ma Yi, Dr. Tan Xiao, Ms. Jiao Jie and Mr. Lai Wai Chi), the Company has not been able to obtain their confirmations that (i) the aforesaid former Directors have read materials relevant to the Company's business or to their duties and responsibilities; and (ii) the aforesaid former Directors understand the importance of continuous professional development and are committed to participating in any suitable training to develop and refresh their knowledge and skills.

## COMPANY SECRETARY

The appointment and removal of the Company Secretary is subject to the Board's approval in accordance with the Company's articles of association. Mr. Lau Leong Ho ("Mr. Lau") had been appointed as the Company Secretary since 14 February 2020 and he resigned as the Company Secretary with effect from 14 May 2024. Ms. Chan Wing Man ("Ms. Chan") had been appointed as the Company Secretary since 14 May 2024 and she resigned as the Company Secretary with effect from 26 July 2024. Ms. Ng Sau Mei ("Ms. Ng") had been appointed as the Company Secretary since 26 July 2024 and she resigned as the Company Secretary with effect from 13 December 2024. Mr. Leung Chin Ho ("Mr. Leung") had been appointed as the Company Secretary since 13 December 2024 and he resigned as the Company Secretary with effect from 24 January 2025. Ms. Kwan has been appointed as the Company Secretary with effect from 25 January 2025.

Mr. Lau is currently a practising solicitor in Hong Kong. He has over 15 years of experience in the legal industry. He was admitted as a solicitor in Hong Kong in 2008. Mr. Lau has been a partner of Tsang, Chan & Woo Solicitors & Notaries from December 2013 to July 2020. Mr. Lau is the principal of Lau & Co, Solicitors & Notaries, a practising law firm in Hong Kong since July 2020. He graduated from City University of Hong Kong with a bachelor of laws degree in 2005 and obtained Postgraduate Certificate in Laws also from City University of Hong Kong in 2006. Mr. Lau was not an employee of the Company and he provided services to the Company as an external service provider, and the primary corporate contact person at the Company was Ms. Kwan, the Chief Financial Officer of the Company.

# Corporate Governance Report

Ms. Chan was the Head of Legal of the Company. She was admitted as a solicitor of the High Court of Hong Kong in 2015. Ms. Chan worked in both international and local law firms with extensive experience in corporate and commercial legal matters, regulatory compliance of Hong Kong listed companies as well as company secretarial matters.

To the best of the Company's knowledge, Ms. Ng is a director of the listing services department of TMF Hong Kong Limited. Ms. Ng has over 20 years of professional experience in the company secretarial field and is responsible for providing corporate secretarial and compliance services to listed company clients. Ms. Ng has extensive knowledge and experience in corporate governance and compliance matters for listed companies and currently serves as joint company secretary of several companies listed on the main board of the Stock Exchange. Ms. Ng holds a master's degree in law, and is a Chartered Secretary, a Chartered Governance Professional and a fellow member of both the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom. Ms. Ng was not an employee of the Company and she provided services to the Company as an external service provider, and the primary corporate contact person at the Company was Ms. XIAN Yinting, the Company's secretary.

Mr. Leung joined the Group in 2020 initially as assistant finance manager, served as the deputy chief financial officer of the Company from 1 November 2024 to 8 December 2024, and then the chief financial officer of the Company from 9 December 2024 to 24 January 2025. To the best of the Company's knowledge, Mr. Leung was a member of the Hong Kong Institute of Certified Public Accountants and he has over 15 years of experience in financial management and reporting, accounting and auditing. Prior to joining the Group, Mr. Leung worked in a company listed on the Stock Exchange and several international accounting firms with extensive experience in finance, audit and corporate finance matters. Mr. Leung received a bachelor's degree in accountancy from University of South Australia.

Ms. Kwan was appointed as the chief financial officer of the Company since 25 January 2025. Ms. Kwan is a fellow of the Hong Kong Institute of Certified Public Accountants. She obtained a Bachelor of Business Administration in 2006 and a Master of Business Administration in 2017 from the Chinese University of Hong Kong. Ms. Kwan joined the Group in July 2012 and served as the chief financial officer of the Company from 1 January 2020 to 4 November 2024. Prior to that, she served as manager in KPMG. Ms. Kwan has extensive experience in auditing, financial management and company secretarial matters.

The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with shareholders and with the Management. The current Company Secretary undertook at least 15 hours of relevant professional training in the year ended 31 December 2025 to update her skills and knowledge.

## ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for the preparation of consolidated financial statements which give a true and fair view of the state of affairs of the Group. In preparing the consolidated financial statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

In preparing the consolidated financial statements, the Directors consider that the consolidated financial statements are prepared on a going concern basis and appropriate accounting policies have been consistently applied. The Directors have also made judgments and estimates that are prudent and reasonable in the preparation of the consolidated financial statements.

The statement of the external auditor about the reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 98 to 105 of the annual report.

# Corporate Governance Report

## AUDITOR'S REMUNERATION

Auditors' remuneration in relation to audit amounted to approximately HK\$6,310,000 for the Year. Messrs. BDO Limited, the external auditor, is refrained from engaging in non-assurance services except for limited tax related services or specifically approved items. The Audit Committee reviews and approves statutory audit scope and non-audit services of Messrs. BDO Limited.

The following remunerations were paid by the Group to its auditors:

	HK\$'000
Audit services:	
— Messrs. BDO Limited	6,000
— Singapore subsidiary's auditor	117
— The PRC subsidiaries' auditors	32
	<b>6,149</b>
Non-audit services ( <i>note</i> ):	
— Messrs. BDO Limited	230
	<b>6,379</b>
Disbursement charged by auditors	161
	<b>6,540</b>

*Note:* Performed an agreed-upon procedures engagement on the acquisition of Success Plus in June 2024.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the maintenance of sound and effective internal controls to safeguard the shareholders' investment and the Group's assets. The Board has entrusted the Audit Committee with the responsibility to review, and has delegated to the Management the implementation of such systems of internal controls as well as the review of relevant financial, operational, and compliance controls, and risk management system.

A risk management system is in place to ensure the regular identification, evaluation and management of risks faced by the Group. Procedures have been set up for, inter alia, safeguarding assets against unauthorised use or disposition, controlling capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publications. The system is regularly reviewed by the Board and amended from time to time.

Formal risk management policies have been put in place to ensure the regular identification, evaluation and management of risks faced by the Group. The system and policies of the Group are designed to help minimise and manage business risks, protect the assets of the Group from misappropriation or impairment, accurately report the results and financial position of the Group, ensure compliance with relevant legal and regulatory requirement, and adopt appropriate recommended best practices. This includes taking into consideration in relation to environmental, social, and corporate governance matters.

# Corporate Governance Report

The Management maintains and monitors the internal control systems on an ongoing basis. Risk assessment and evaluation are an integral part of the annual planning process. The Board, through the Audit Committee, has delegated the internal audit function to an independent external assurance provider, who has performed an independent review on our internal control system and risk assessment system and reports its recommendation to the Audit Committee. In addition, the Group's external auditor, Messrs. BDO Limited, reports findings to the Audit Committee and contributes an independent perspective on relevant internal controls arising from the audit. The Audit Committee reports to the Board on matters in relation to the oversight of the financial reporting system, internal control procedures and risk management system. The Board has conducted a review on the effectiveness of Company's internal control systems for the Year by considering the work performed by the Audit Committee.

As stated in the "Subsequent Events" section of this report, the Company engaged an internal control adviser to conduct independent internal control review of the Group to comply with the Resumption Guidance. The independent internal control review were conducted in two phases: in the first phase, to review and examine the processes, systems, and controls (including accounting and management systems) adopted by the Group, with the aim of identifying and evaluating internal control weaknesses and providing a detailed report with appropriate improvement recommendations for internal control weaknesses based on the Group's current operations, with review period from 1 April 2024 to 31 March 2025 and the scope of the review covering the Company's corporate-level controls (including the control environment, risk assessment and management, monitoring, information and communication, anti-fraud policies and procedures, and control measures) and the Group's financial reporting and disclosure controls and business process-level controls (including cash and fund management, revenue and receivables, purchasing and payables/prepayments, inventory management, personnel and payroll management, and general control of computer information systems); in the second phase, to conduct a follow-up review covering the period from 1 April 2025 to 31 January 2026 after the implementation of the relevant remedial measures by the Group. As of the date of this report, the Company has adopted all the improvement recommendations proposed by Acclime, and has adopted, revised and/or strengthened (as applicable) the Company's relevant policies and procedures, and the internal control adviser has completed the independent internal control review, and has issued the independent internal control review report. The Company has also submitted such report to the Stock Exchange for review.

The internal control adviser has confirmed in the independent internal control review report that the internal control deficiencies have been rectified and adequately remediated, and the enhanced internal control measures recommended by it have been implemented to prevent recurrence, so the Group has established and effectively implemented sufficient internal controls and procedures to comply with the Listing Rules. After reviewing the independent internal control review report and subject to the satisfaction of the Stock Exchange, the Board is of the view that the internal control deficiencies have been addressed, and the Group has in place an adequate internal control system and procedures to comply with the Listing Rules.

For details of the internal control review, please refer to the announcement of the Company dated 12 June 2026.

A compliance manual has been set to summarise the principal legal, regulatory and compliance issues relating to the Group and its employees. It includes the definition of inside information and also establishes general policies and procedures for handling and dissemination of inside information. The compliance manual would be regularly reviewed and updated to keep abreast with the circumstance.

# Corporate Governance Report

## INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

The Board recognises the importance of maintaining on-going communication with shareholders. The Company promotes communications with shareholders through several communication channels including publication of circulars and announcements of key developments, interim and annual reports as prescribed under the Listing Rules which can also be accessed via the "Investor Relations" section of the Company's website.

The aims of the Company are to improve its transparency, allow the stakeholders to gain more understanding and confidence in relation to the Group's business developments and acquire more market recognition and support from the shareholders.

Shareholders are encouraged to attend all general meetings of the Company. The notice of the AGM was circulated to all shareholders in accordance with the requirements of the Listing Rules and the Company's articles of association. It is a standard practice to have the non-executive Directors available to answer questions relating to their roles, tenure, and the Board committees. Views expressed by the shareholders of the Company at general meetings are recorded and circulated for discussion by all Directors regardless of attendance. The results of voting by poll are published on the websites of the Stock Exchange and the Company after the meetings.

An annual review of the Company's shareholders communication policy had been undertaken and the effectiveness of the policy was confirmed considering multiple channels were in place and adopted to reflect the current best practice in communications with shareholders.

Pursuant to the Company's articles of association, shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit, the Board fails to proceed to convene an extraordinary general meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders may at any time send their enquiries or written requisitions as mentioned above to the Board in writing through the Company Secretary, whose contact details are as follows:

Strong Petrochemical Holdings Limited  
8th Floor, Tower 2, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong  
Tel: (852) 2834 3393  
Email: [info@strongpetrochem.com](mailto:info@strongpetrochem.com)

There was no change to the Company's memorandum and articles of association during the year ended 31 December 2024.

The Company adheres the importance of the shareholders' privacy and will not disclose such information without their consent, unless required by law, the Stock Exchange, order or requirement of any court or other competent authority.

# Environmental, Social and Governance Report

## ABOUT THIS REPORT

### Purpose and Objective

The Group is pleased to present the Environmental, Social and Governance (“ESG”) Report 2024 (the “Report”) to our stakeholders. This Report aims to provide our key stakeholders with a clear and transparent overview of its sustainability management approach, strategies, policies, initiatives, and performance of our material sustainability issues, enabling them to deepen their understanding of the Group and our ESG efforts.

### Reporting Scope and Period

Unless otherwise stated, the reporting scope includes the locations where the Group operates our core business operations, including the (i) trading of commodities (“trading business”), (ii) storage and other ancillary services for petroleum products and petrochemicals and leases (“storage business”) and (iii) exploration, exploitation and operation of crude oil (“oil and gas operations business”), in the PRC, Hong Kong, Macao and Singapore, which account for approximately 80% of the Group’s total revenue for the period from 1 January 2024 to 31 December 2024 (the “Reporting Period”).

During the Reporting Period, we expanded our reporting scope to include oil and gas operations business for a more comprehensive disclosure of our sustainability performance, following the completion of the acquisition of the oil and gas development and production operations of the Kongnan Block in the PRC. The reporting boundary is determined according to the corresponding materiality of each business segment to our business and operations and its impact on sustainable development.

### Reporting Standards

The Report has been prepared in accordance with the disclosure requirements of the Environmental, Social and Governance Reporting Code (the “ESG Reporting Code”) as set out in Appendix C2 to the Listing Rules issued by the Stock Exchange.

### Reporting Principles

This Report adheres to the four reporting principles stipulated in the ESG Reporting Code in the course of this Report’s preparation: materiality, quantitative, balance and consistency:

Reporting Principle	Our Application
<b>Materiality</b>	By engaging with stakeholders and conducting materiality assessments, the Group has identified issues material to our sustainable development and prioritised them in this Report. For further details, please refer to “Stakeholder Engagement” and “Materiality Assessment”.
<b>Quantitative</b>	Quantitative data, key performance indicators (“KPIs”), and relevant information are presented, where applicable, throughout this Report.
<b>Balance</b>	The information disclosed faithfully reflects the overall ESG performance of the Group, encompassing both positive and negative aspects, achievements, challenges, and opportunities in our principal business activities.
<b>Consistency</b>	Unless otherwise specified, the statistical methodologies employed in this Report remained substantially consistent with the previous year. Any changes in the scope of disclosure or calculation methodologies will be explained along with the relevant data.

# Environmental, Social and Governance Report

## Access to this Report

As part of the Annual Report, the Report is available in both English and Chinese versions on the websites of the Stock Exchange and the Group. In case of any discrepancy between these two versions, the English version shall prevail.

## Your Feedback

The Group highly values the feedback or suggestions on this Report and our sustainability approach from our stakeholders, which would help guide us in future enhancement of our ESG journey. Please share your thoughts at:

Strong Petrochemical Holdings Limited	
Address:	8th Floor, Tower 2, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong
Tel:	(852) 2834 3393
Email:	info@strongpetrochem.com

## ABOUT STRONG PETROCHEMICAL HOLDINGS LIMITED

### Our Business Overview

Established in Hong Kong in 1999 and listed on the Main Board of the Stock Exchange since 2009, the Company has emerged as a distinguished energy products trading company, with a focus on core businesses:

Trading business	Storage business	Crude oil operations business
<ul style="list-style-type: none"><li>Petroleum products</li><li>Petrochemicals</li><li>Crude oil</li></ul>	<ul style="list-style-type: none"><li>Provision of general storage and other ancillary services (e.g., pipeline transmission, waste treatment and vehicle loading) in respect for petroleum products and petrochemicals and leases</li></ul>	<ul style="list-style-type: none"><li>Exploration, exploitation and operation of crude oil</li></ul>

### Our Culture

Vision	Mission
<ul style="list-style-type: none"><li>Committed to be a responsible and respectable energy company through sustainable development strategies and flexible business explorations</li></ul>	<ul style="list-style-type: none"><li>Endeavouring to create values and bring benefits to stakeholders and society by providing premium products and quality services</li></ul>

# Environmental, Social and Governance Report

## OUR APPROACH TO SUSTAINABILITY

### ESG Management Approach and Strategy

Our corporate vision “committed to be a responsible and respectable energy company through sustainable development strategies and flexible business explorations” is a core foundation guiding our sustainability journey. The Group has formulated our ESG framework built upon three key strategic pillars: (1) Creating Value for Our Customers; (2) Creating Value for Our People; and (3) Creating Value for Our Environment, with specific goals and targets\* that guide us in fulfilling our vision and turning our mission, “endeavouring to create values and bring benefits to stakeholders and society by providing premium products and quality services”, into reality.



#### Creating Value for Our Customers

##### *Enhancing Service Sustainability and Product Quality*

**Goal:**

To continually improve the sustainability of our services and deliver high-quality commodities to enhance customer experience



#### Creating Value for Our People

##### *Cultivating a Supportive Culture and Community Impact*

**Goal:**

To foster a workplace culture that prioritises employee well-being, growth, and development, while actively investing in community initiatives



#### Creating Value for Our Environment

##### *Integrating Climate Resilience and Eco-friendly Practices into Operations*

**Goal:**

To reduce environmental impact and increase climate resilience to contribute to a better planet

\* Please refer to the section headed “Creating Value for Our Environment” for our green targets.

Our ESG framework, approved by the Board, guides us to enhance sustainability performance and contribute positively to customers, employees, environment and communities for us all.

# Environmental, Social and Governance Report

## ESG Governance and Board's Oversight

The Board has the overall responsibility for our ESG strategy and reporting. The Board provides oversight of ESG issues, encompassing our sustainability management approach, strategy, and initiatives, and places a particular emphasis on guiding the Group's long-term development and positioning. Delegated by the Board, our ESG Task Force oversees our ESG management approach and advises the Board on the ESG matters below on a regular basis, including but not limited to:

- Development and review of our ESG-related strategies, frameworks, priorities, goals and targets;
- Identification, evaluation, prioritisation, review and management of material ESG-related risks (including but not limited to climate-related risks and ESG risks along the supply chain);
- Review and formulation of the implementation of ESG-related policies and practices to ensure compliance with laws and regulations;
- Monitoring and reviewing our ESG performance and progress against any targets and goals; and
- Preparing an annual ESG report on its activities for Board's approval.

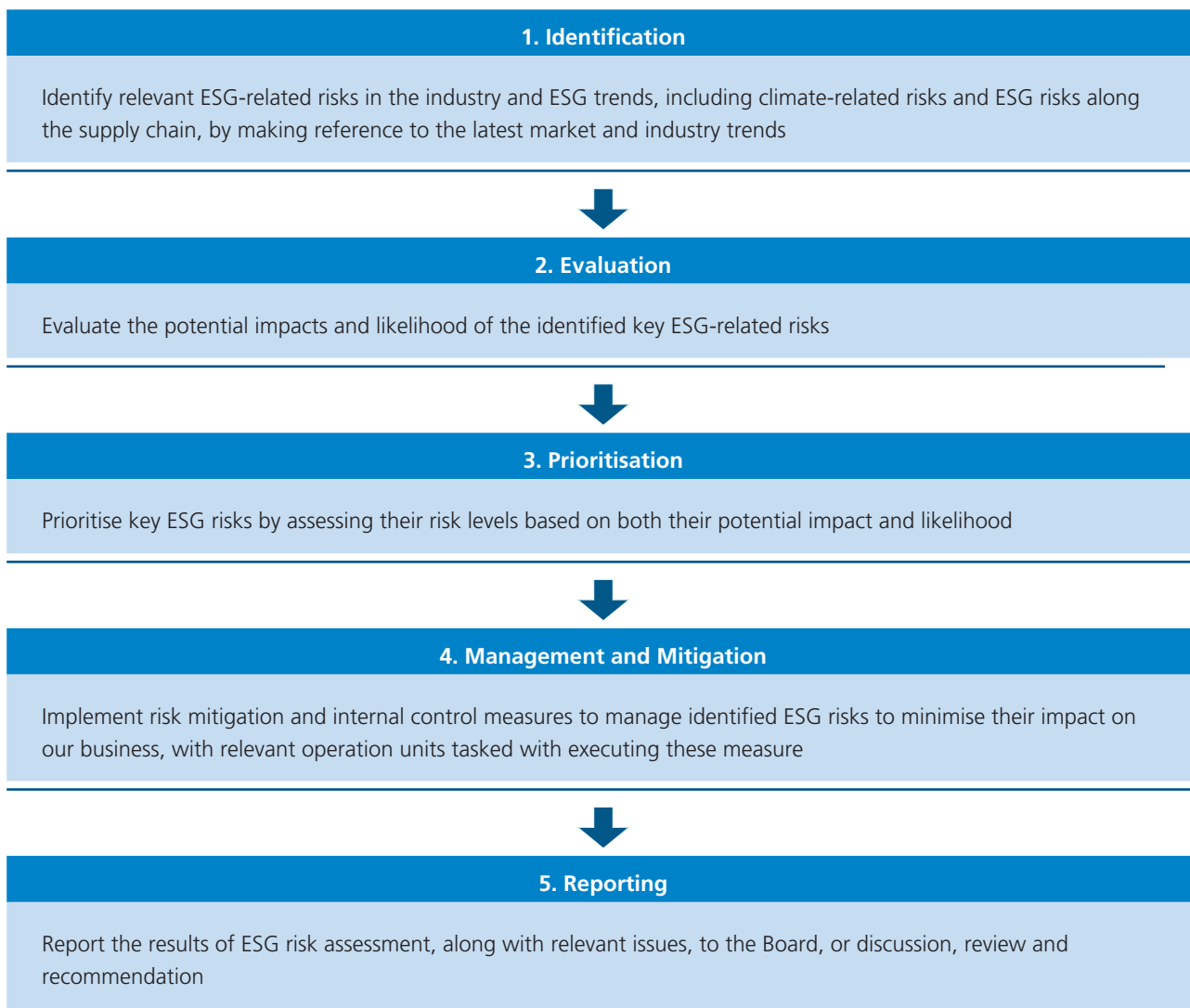


# Environmental, Social and Governance Report

## ESG Risk Management

ESG risk management is considered essential for robust corporate governance and long-term business resilience. The material ESG-related risks are regularly identified, evaluated, prioritised and managed by our ESG Task Force. Our ESG Task Force submits an ESG-related risk assessment report to the Board on a regular basis, and the Board holds ultimate responsibility for overseeing the Group's risk management activities. The Board regularly reviews the effectiveness of control measures and provides relevant recommendations when necessary. Details on our corporate governance and risk management approach are presented in the "Corporate Governance Report" section of this Annual Report.

The Group has conducted an ESG-related risk assessment to enhance our risk mitigation and response. The details of the steps of the Group's ESG risk management process are as follows:



# Environmental, Social and Governance Report

## Stakeholder Engagement

The Group is dedicated to meeting stakeholder expectations by thoroughly understanding and incorporating their concerns into our sustainability strategy. During the Reporting Period, the Group actively engaged with stakeholders, fostering open communication to receive valuable feedback and suggestions.

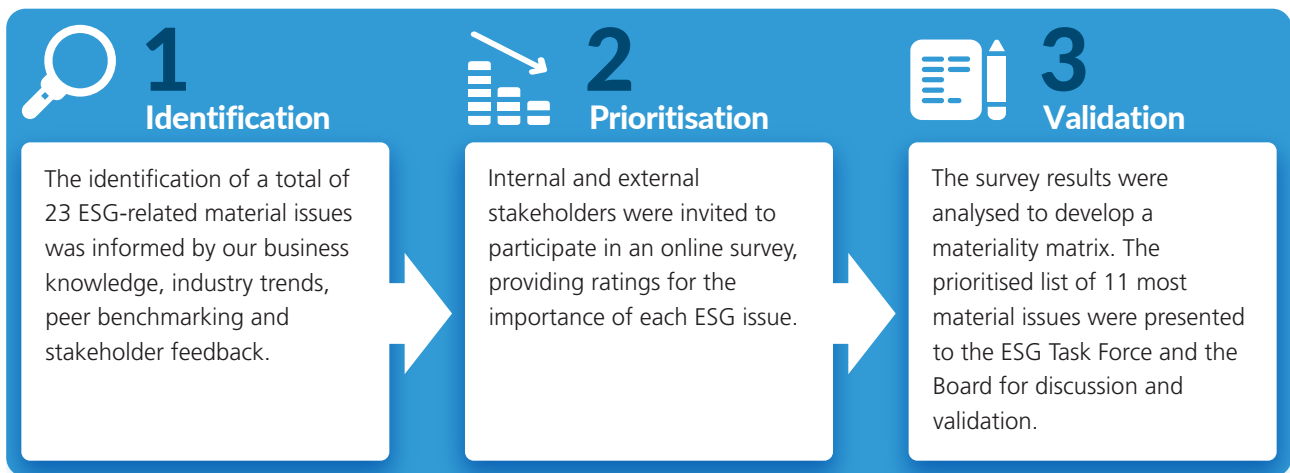


# Environmental, Social and Governance Report

## Materiality Assessment

To pinpoint ESG issues that are the most relevant to our business continuity and development as well as to our stakeholders, in addition to the above regular communication channels, the Group has performed a materiality assessment with the support of an independent sustainability consultant. The results of the materiality assessment and relevant ESG issues are regularly discussed and reviewed by our ESG Task Force and the Board.

Our materiality assessment involves multiple stages: identification, prioritisation, as well as validation. The details of the procedures and steps of our materiality assessment are as follows:

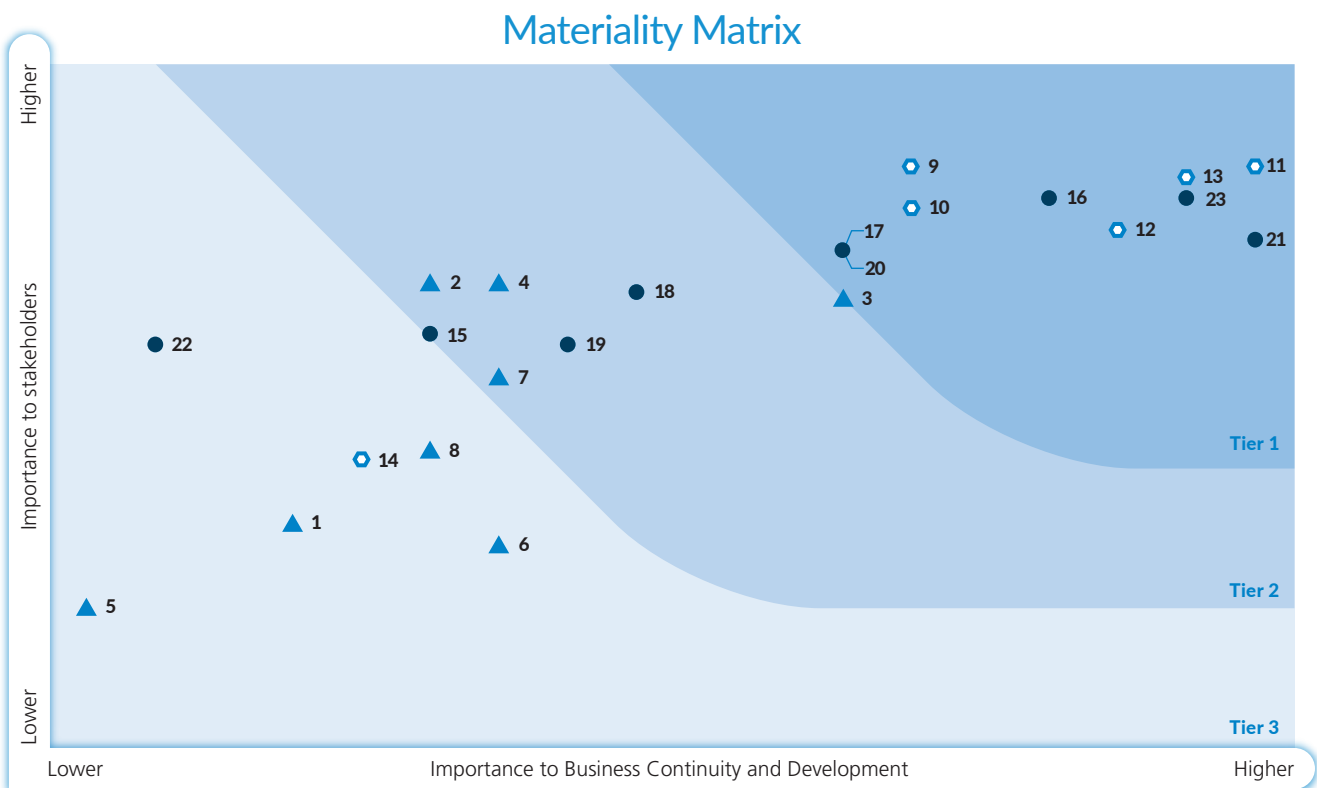


# Environmental, Social and Governance Report

## Materiality Matrix

The materiality matrix presented below summarises the relative importance of the 23 ESG-related material issues to both stakeholders and our business continuity and development. The most material issues are located in Tier 1 of the matrix, while the less material issues are located in Tier 3.

During the Reporting Period, a total of 11 issues from Tier 1 were prioritised as the most material issues for us to address and report on.



Tier 1: Most Material Issues

Tier 2: Moderate Material Issues

Tier 3: Less Material Issues

⬡ Creating Value for Our People   
 ▲ Creating Value for Our Environment   
 ● Creating Value for Our Customers

# Environmental, Social and Governance Report

## List of ESG-related Material Issues

ESG-related material issues	Report Sections
<b>Tier 1: Most Material Issues</b>	
3. Energy efficiency and greenhouse gas (“GHG”) emission	Energy, Air and GHG Emissions
9. Staff welfare	Remuneration and Benefits
10. Equal-opportunity, diversity and inclusion	Talent Acquisition and Retention
11. Occupational health and safety	Occupational Health and Safety
12. Staff development and training	Talent Development
13. Employment compliance	Creating Value for Our People
16. Product and service quality	Quality of Products and Services
17. Customer service	Quality of Products and Services
20. Data protection and cybersecurity	Data Privacy Protection and Cybersecurity
21. Risk and crisis management	Occupational Health and Safety
23. Anti-corruption	Business Ethics and Integrity
<b>Tier 2: Moderate Material Issues</b>	
2. Waste	
4. Wastewater and water consumption	
7. Green procurement	
15. Ethically responsible sourcing	
18. Responsible marketing and labelling	
19. Intellectual property rights management	
<b>Tier 3: Less Material Issues</b>	
1. Air emissions	
5. Biodiversity and ecological impacts	
6. Climate adaptation and resilience	
8. Environmental risk in supply chain	
14. Community investment	
22. Anti-competitive behaviour	

# Environmental, Social and Governance Report

## CREATING VALUE FOR OUR CUSTOMERS

### Enhancing Service Sustainability and Product Quality

**Goal:**

To continually improve the sustainability of our services and deliver high-quality commodities to enhance customer experience

**The most significant issues addressed in this chapter:**

- Product and service quality
- Customer service
- Data protection and cybersecurity
- Anti-corruption

Elevating the customer experience is our top priority, and the Group firmly believes that integrating sustainable practices into our products and services is crucial for delivering long-term value to our customers. Our commitment is reinforced by our policies and internal guidelines, as well as our ongoing efforts to comply with applicable laws and regulations relating to product responsibility and anti-corruption<sup>1</sup>.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations relating to (i) health and safety, (ii) privacy matters relating to our products and services, and (iii) methods of redress.

<sup>1</sup> Please refer to the "Significant Laws and Regulations" section for the list of product responsibility and anti-corruption related laws and regulations significant to our business operations.

# Environmental, Social and Governance Report

## Sustainable Supply Chain Management

Our suppliers are required to comply with applicable laws and regulations concerning supply chain management. The Group actively cultivates a sustainable and resilient supply chain by engaging with our suppliers based on principles of impartiality, fairness, and loyalty, fostering a mutually supportive relationship.

In an effort to promote a sustainable supply chain and building upon our Sustainable Supply Chain Policy, the Group enhanced its supplier management system during the Reporting Period by introducing a Supplier Code of Conduct and Sustainable Procurement Policy.

1. Supplier Selection	2. Supply Chain Risk Management	3. Monitoring Supplier Performance	4. Continuous Improvement
<ul style="list-style-type: none"> <li>The Group selects all our suppliers through an open and transparent process outlined in the Supplier Selection and Fair Treatment Policy, aligning with the principles of Sustainable Procurement Policy<sup>2</sup></li> <li>The Group conducts background check for suppliers and considers factors including the following:               <ul style="list-style-type: none"> <li>Product quality</li> <li>Business ethics</li> <li>Environmental management systems such as ISO 14001</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The Group performs an ESG-related risk assessment to identify potential environmental and social risks of our major suppliers along the supply chain, with the goal of effectively mitigating these risks</li> <li>Our Supplier Code of Conduct Policy sets out our sustainability expectations on our supply chain partners, including but not limited to our suppliers, contractors and subcontractors</li> </ul>	<ul style="list-style-type: none"> <li>The Group conducts inspections and evaluations on the existing suppliers regularly</li> <li>The Group evaluates the performances of suppliers in terms of the following:               <ul style="list-style-type: none"> <li>Punctuality</li> <li>Product quality</li> <li>Efficiency</li> <li>Environmental performance</li> <li>Ethical performance</li> <li>Health and safety performance</li> </ul> </li> <li>The Group offers feedback and conducts a reassessment to the suppliers if their performances fall below the Group's standards</li> </ul>	<ul style="list-style-type: none"> <li>The Group considers suppliers' ongoing sustainability performance — including climate change, environmental management, biodiversity, labour practices, human rights, and health and safety — during engagement, contract renewal, and tendering</li> <li>The Group encourages suppliers to adopt best practices in sustainable development and risk management</li> <li>The Group works to foster long-term relationships with suppliers who share the Group's sustainability values</li> </ul>

<sup>2</sup> Please refer to the "Sustainable Procurement" section for further details.

# Environmental, Social and Governance Report

## Suppliers' Rights and Empowerment

We believe in the importance of engaging with suppliers whose practices align with our expectations on social, environmental and ethical standards. To this end, the Group established a Supplier Code of Conduct Policy during the Reporting Period, outlining sustainability expectations related to compliance, labour and human rights, health and safety, data privacy, the environment and biodiversity, as well as fair and ethical operating practices.

As of 31 December 2024, the breakdown of major suppliers by geographical region was as follows: 63 (2023: 83) in the PRC, and 3 (2023: 5) in Singapore. During the Reporting Period, the aforementioned supplier engagement practices were implemented for all 66 (2023: 93) major suppliers in the Group's core businesses.

## Quality of Products and Services

The Group is dedicated to meeting customer and client needs through our commitment to quality assurance, with our top priority being the secure delivery of high-quality products and services. This commitment is reinforced through a series of policies and measures:

- Ensuring the quality of commodities and product specifications are agreed upon with suppliers or customers
- Implementing stringent supplier selection procedures
- Maintaining clear storage procedures to prevent accidents
- Conduct regular on-site inspections by our quality assurance team to meet the Group's standards for service quality and site safety
- Performing comprehensive safety assessments on storage tanks and pipelines to prevent spills and optimise operational efficiency
- Leveraging customer feedback as a catalyst for continuous improvement
- Establishing diverse communication channels to understand and meet customer and client expectations
- Ensuring that the crude oil meets the specified water content requirements to meet customer specifications

During the Reporting Period, the Group encountered 0 material complaint<sup>3</sup> related to our product or service (2023: 0).

<sup>3</sup> Material complaints are defined as those that would result in long-term significant impact on our customers, or a failure to deliver agreed-upon product and service requirements.

# Environmental, Social and Governance Report

## Data Privacy Protection and Cybersecurity

The Group recognises the importance of data privacy and cybersecurity and takes all necessary steps to safeguard our customer information in all our communications with them. The Board is responsible for overseeing the Group's cybersecurity strategy, while our designated internal team will work to ensure the relevant measures are effectively implemented and monitored on an ongoing basis.

Our Information Protection Policy, outlined in our Compliance Manual and Code of Ethics, along with our Cybersecurity Policy, provide clear guidelines to safeguard proprietary and confidential information. These policies also aim to safeguard our stakeholders from cybersecurity risks, including but not limited to:

- Establishing standard procedures for handling sensitive data to prevent unauthorised access
- Mandating adherence to confidentiality clauses in employment contracts
- Implementing a Password Policy to enhance data security through defined standards for password creation and change frequency
- Installing anti-virus detection systems to safeguard the network from unauthorised access and cyberattacks
- Sharing updates and tips on information security and cybersecurity

### Strengthening Cybersecurity Risk Management

Recognising the increasing importance of data privacy and cybersecurity, the Group strengthened its cybersecurity management system during the Reporting Period by introducing a Cybersecurity Policy, which aims to enhance protection measures and ensure compliance with applicable laws and regulations.

- **Employee Training and Compliance:** Employees are encouraged to participate in data privacy and information security training to raise awareness of cybersecurity risks. Internal audits will be conducted to assess compliance with relevant internal guidelines.
- **Incident Response:** A clear escalation mechanism is in place to promptly address suspicious IT activities and incidents.
- **Supply Chain Engagement:** The Group promotes cybersecurity awareness and encourages policy adherence among its suppliers and business partners.

During the Reporting Period, there were no material substantiated incidents regarding invasion of customers' and suppliers' privacy or loss of data. Also, the Group was not aware of any material non-compliance with relevant laws and regulations<sup>4</sup>.

<sup>4</sup> Please refer to the "Significant Laws and Regulations" section for the list of product responsibility-related laws and regulations significant to our business operations.

# Environmental, Social and Governance Report

## Respect for Intellectual Property Rights

The Group respects intellectual property rights of both itself and third parties, and requires our employees not to infringe copyrighted work in the course of their work as set out in the Staff Handbook:

- In safeguarding our intellectual property rights, the Group takes proactive measures by registering trademarks and domain names across multiple jurisdictions.
- The Group will conduct regular monitoring of potential infringement of intellectual property rights.
- In the event of intellectual property rights infringement by our employees, the Group will escalate the matter to the appropriate authorities for further action.

As of 31 December 2024, the Group holds registered proprietorship of:

	Hong Kong	The PRC	Macao
Trademarks	2 (2023: 2)	1 (2023: 1)	1 (2023: 1)
Domain names	3 (2023: 3)	4 (2023: 4)	2 (2023: 2)

## Business Ethics and Integrity

The Group is always devoted to upholding high ethical standards in all aspects of our business. Our policies set out the ethical conduct expectation to ensure that the principles of integrity, fairness, whistle-blowing, conflicts of interest and accountability are fully adhered to across all levels. Our employees, suppliers and business partners are also strictly prohibited from soliciting or accepting advantages, as well as engaging in any form of bribery, extortion, fraud, money laundering and anti-competitive behaviours in our operations.

# Environmental, Social and Governance Report

## **Policies and Procedures**

- Our Compliance Manual and Code of Ethics guides Directors and employees, ensuring adherence to work ethics, including the prevention of money laundering and conflicts of interest.

## **Whistle-blowing Mechanism and Reporting Concerns**

- Our Whistle-blowing Policy is in place to encourage employees and stakeholders to raise concerns about any suspected irregularity, misconduct or malpractice, through a number of reporting channels.
- The Group respects confidentiality and provide several confidential mechanisms for anonymous reporting via mailing addresses or, if necessary, direct communication with the Audit Committee or the Compliance Officer.
- Subsequent investigations will be conducted in a fair manner, and corrective and follow-up actions will be taken promptly.
- The Board has an overall responsibility for the mechanism, whereas the Audit Committee is responsible for overseeing and implementing the mechanism.

## **Training and Awareness**

- During the Reporting Period, the Group provided anti-corruption training for both Directors and employees to strengthen their awareness and understanding of anti-corruption practices as well as regulatory requirements.
- In addition to induction training for new joiners, anti-corruption training materials on business ethics and anti-corruption practices are distributed annually to Directors and employees, fostering enhanced knowledge and capability in identifying and addressing corruption issues.

During the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Group or our employees (2023: Nil).

# Environmental, Social and Governance Report

## CREATING VALUE FOR OUR PEOPLE

### Cultivating a Supportive Culture and Community Impact

**Goal:**

To foster a workplace culture that prioritises employee well-being, growth, and development, while actively investing in community initiatives

**The most significant issues addressed in this chapter:**

- Staff welfare
- Equal-opportunity, diversity and inclusion
- Occupational health and safety
- Staff development and training
- Employment compliance

The Group cherishes its employees as invaluable members of our community, and our mission extends beyond the workplace. The Group is deeply committed to fostering a culture of health, wellness, fairness and safety, not only within our company but also within the wider community.

To that end, the Group is committed to strictly complying with applicable laws and regulations relating to employment, health and safety and labour standards in the jurisdictions where our businesses operate<sup>5</sup>. During the Reporting Period, the Group was not aware of any material non-compliance of relevant employment and labour-related laws and regulations.

<sup>5</sup> Please refer to the "Significant Laws and Regulations" section for the laws and regulations significant to our business operations.

# Environmental, Social and Governance Report

## Talent Acquisition and Retention

Our comprehensive set of guidelines, including Staff Handbook, Equal Employment Opportunities Policy and other policies, explicitly detail compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, as well as other welfare and benefits to safeguard our employees' rights.

The Group advocates for equal opportunities, and strictly prohibits all forms of discrimination and harassment in the workplace. During the Reporting Period, the Equal Employment Opportunities Policy was further enhanced to ensure fairness, diversity and zero-discrimination at all levels of labour practices including but not limited to recruitment, training and staff development. Recruitment through various channels, including job agents, advertisements, employee referrals and our office website, is in place to enhance the talent pool. The Group provides equal opportunities, ensuring that potential candidates are not discriminated against due to their gender, disability, marital status, family status, age, race, religion and colour. When choosing the right candidates, the Group focus on their qualifications, work experience, and personal abilities.

Instances of violations may result in disciplinary action, and in the event of complaints concerning discrimination, harassment or vilification, they will be promptly addressed by the Human Resources ("HR") Department under the relevant grievance procedures.

## Human Rights Protection

The Group upholds a zero-tolerance stance against for the use of child and forced labour and is committed to maintaining in strict compliance with all applicable laws and regulations<sup>6</sup>, as well as with reference to the principles articulated in Universal Declaration of Human Rights. The applicants' identification documents and relevant working permits or certificates are carefully reviewed throughout the entire recruitment process to ensure they are of legal working age. The Group strictly follows guidelines outlined in the Staff Handbook, providing employees with sufficient rest time and necessary compensation to prevent forced labour. In the unlikely event of confirmed instances of forced labour or the misuse of child labour, swift intervention will be carried out by our HR Department to cease such infringements, ensure appropriate compensation, and investigate the matter thoroughly. Our HR Department reviews the recruitment practices regularly to ensure the effectiveness of our existing measures against child and forced labour.

The Group promotes collaboration between labour and management while respecting employees' freedom of association and collective bargaining rights. In addition, our Equal Employment Opportunities Policy clearly outlines our commitment to identifying and monitoring human rights risks within our operations.

<sup>6</sup> Please refer to the "Significant Laws and Regulations" section for the laws and regulations significant to our business operations.

# Environmental, Social and Governance Report

## Remuneration and Benefits

The Group is dedicated to fostering a sense of belonging among our employees to enhance talent retention and motivation within the Group. Consequently, the Group allocates resources strategically to offer competitive remuneration packages, promotion opportunities, reasonable working hours, and rest periods to attract and retain talents. Full-time employees are entitled to various types of leave, such as annual leave, sick leave, marriage leave, maternity leave, compassionate leave, jury leave, leave for visiting family, and examination leave. Other employee benefits include but are not limited to:



Team-building Events



Annual Employee Physical Examination

# Environmental, Social and Governance Report

## Talent Development

The Group considers the professional growth of our employees, recognising the significant impact this has on the Group's long-term development. The HR Department has implemented a Training Management Standard, tailoring training to employees' roles and needs. To support career development, the Group offers education leave and subsidies for external training, easing financial burdens and promoting skills growth. During the Reporting Period, the Group organised different types of trainings, including but not limited to:

Orientation Training	Vocational Training	Sustainability Training
<ul style="list-style-type: none"><li>New Employees Training</li></ul>	<ul style="list-style-type: none"><li>Health and Safety</li><li>Accounting and Finance</li><li>Professional Training</li></ul>	<ul style="list-style-type: none"><li>Anti-corruption</li><li>ESG</li></ul>

## Occupational Health and Safety

The Group is deeply committed to prioritising the health and safety of our employees, and complies strictly with applicable laws and regulations<sup>7</sup> to mitigate risks within our workplace. As such, the Group has established a standardised Safety Management System in accordance with applicable health and safety-related laws and regulations. Our dedication is explicitly outlined in our Health and Occupational Safety Policy, where the Group establishes a comprehensive framework and minimum health and safety requirements for our employees to adhere to.

In alignment with the principle of "safety comes first", the Group has developed a series of safety management systems and procedures specifically tailored to our storage business as well as oil and gas operations business. These include the Special Equipment Safety Technical Supervision Procedures, the Safety Training Implementation Management System as well as the Safety Responsibility Management System. These systems and procedures are designed to ensure operational safety, enhance employee safety awareness and operational skills, as well as mitigate inherent risks. To assess the effectiveness of our safety measures, the Environment, Health, and Safety ("EHS") Department takes on the responsibility of overseeing the implementation of both the safety management system and safety procedures:

- Identifying, assessing, and mitigating risks based on safety standards and guidelines
- Updating the safety standards to align with the latest industrial practices and local regulations
- Conducting regular on-site inspections and supervisions to ensure a safe workplace
- Providing personal protective equipment, such as safety helmets, safety shoes, and gas masks
- Offering safety trainings and emergency drills to increase employees' safety awareness and responsiveness to accidents
- Implementing safety performance assessment and accountability by incorporating safety indicators into the annual performance evaluation system

<sup>7</sup> Please refer to the "Significant Laws and Regulations" section for the list of health and safety-related laws and regulations significant to our business operations.

# Environmental, Social and Governance Report

- Developing comprehensive production safety and emergency response plans to ensure effective handling of various sudden production safety incidents
- Establishing safety operating procedures for relevant equipment and machinery to standardise operations and prevent accidents
- Arranging annual occupational health checks for employees to monitor their health conditions



Safety Training



Emergency Drill

During the Reporting Period, there were no lost days (2023: 0) due to work injury, nor were there any work-related casualties. In addition, there have been no work-related fatalities in the past three years including the reporting year (2023: 0).

During the Reporting Period, we organised specialised training focused on the standardised management of work permits for special operations in our oil and gas operations business. The training encompassed the entire process, from permit issuance and the implementation of safety protocols to on-site supervision requirements, supplemented by assessments to ensure all key personnel have proficiently mastered the required procedures.



# Environmental, Social and Governance Report

## Community Investment

In alignment with our dedication to fulfilling our corporate social responsibilities, the Group has established a Community Investment Policy. The Group actively encourages our employees to engage in volunteer activities, serving as a positive force for the wider community and fostering continuous investment in its well-being.

During the Reporting Period, Strong Nantong made a charitable donation of RMB40,000 (equivalent to approximately HK\$43,200) to the Red Cross of Nantong Economic and Technological Development Area, in support of their community efforts.



# Environmental, Social and Governance Report

## CREATING VALUE FOR OUR ENVIRONMENT

### Integrating Climate Resilience and Eco-friendly Practices into Operations

**Goal:**

To reduce environmental impact and increase climate resilience to contribute to a better planet

**The most significant issues addressed in this chapter:**

- Energy efficiency and greenhouse gas (“GHG”) emission

The Group endeavours to operate in an environmentally conscious manner to promote environmental responsibility and address climate resilience. Policies and procedures are formulated to guide our employees in reducing environmental footprint and promoting responsible use of resources, in accordance with relevant environmental laws and regulations<sup>8</sup>.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

### Climate Resilience and Management

The Group acknowledges the impact of climate change on both our business operations and the broader community. Consequently, a Climate Change Policy has been formulated to identify, assess and address climate-related issues proactively.

The Group has conducted an ESG-related risk assessment to closely monitor the impact of climate change and to mitigate potential climate physical and climate transition risks.

<sup>8</sup> Please refer to the “Significant Laws and Regulations” section for the list of environmental laws and regulations significant to our business operations.









# Environmental, Social and Governance Report

Risk Description	Potential Impacts	Resilience Measures
<b>Physical Risks</b>		
<ul style="list-style-type: none"> <li>Acute Risk</li> </ul>	<ul style="list-style-type: none"> <li>Increased cost to repair damaged equipment, and/or facilities</li> <li>Potential health and safety risks for employees</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining comprehensive insurance coverage to mitigate potential losses from extreme weather conditions</li> <li>Implementing typhoon and rainstorm arrangements, including allowing employees to work from home for safety</li> <li>Enhancing our emergency response plans for extreme weather by strengthening response capabilities, conducting regular flood prevention drills, and establishing contingency measures</li> <li>Conducting regular reviews to continuously improve preparedness and response capabilities for extreme weather</li> </ul>
<ul style="list-style-type: none"> <li>Chronic Risk</li> </ul>	<ul style="list-style-type: none"> <li>Increased operational cost</li> <li>Potential decrease in business due to business disruption</li> </ul>	<ul style="list-style-type: none"> <li>Implementing preventive measures like applying sandbags to entrances, to mitigate climate events, reduce flooding risks</li> <li>Integrating climate adaptation measures in the early stages of project design and construction, where feasible, to enhance the resilience of assets in coastal areas against chronic climatic events</li> </ul>

# Environmental, Social and Governance Report

Risk Description	Potential Impacts	Resilience Measures
<b>Transition Risks</b>		
<ul style="list-style-type: none"> <li>Market Risk</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in revenue and market reputation</li> </ul>	<ul style="list-style-type: none"> <li>Installing monitoring devices to prevent storage tank leakage and abnormal evaporation</li> <li>Establishing stringent guidelines for proper treatment of hazardous wastes</li> </ul>
<ul style="list-style-type: none"> <li>Policy and Legal Risk</li> </ul>	<ul style="list-style-type: none"> <li>Increase in operating costs and compliance costs</li> </ul>	<ul style="list-style-type: none"> <li>Reviewing climate-related government policies, regulatory requirements, and the latest developments regularly to ensure adequate preparation</li> <li>Monitoring new policies and global developments and integrating these insights into our risk assessment process for proactive strategic planning</li> <li>Providing training to employees to enhance their understanding of new disclosure requirements</li> </ul>

To enhance the resilience of our operations in the face of climate change, the Group has established the following green targets, using FY2022 as the baseline year:

Our Green Targets		Progress
 <b>GHG Emission</b>	<ul style="list-style-type: none"> <li>To achieve carbon emissions peak by 2030 to be in line with the 14th Five-Year Plan of the PRC</li> </ul>	<b>In Progress</b> 
 <b>Waste</b>	<ul style="list-style-type: none"> <li>To reduce the total non-hazardous waste intensity* by 3% on or before 2027</li> <li>To reduce solid and liquid hazardous waste intensity* by 3% on or before 2027</li> </ul>	<b>Achieved</b> 
 <b>Energy</b>	<ul style="list-style-type: none"> <li>To reduce total energy consumption intensity* by 3% on or before 2027</li> </ul>	<b>Achieved</b> 
 <b>Water</b>	<ul style="list-style-type: none"> <li>To reduce total water consumption intensity* by 3% on or before 2027</li> </ul>	<b>Achieved</b> 

\* In terms of intensity per gross floor area.

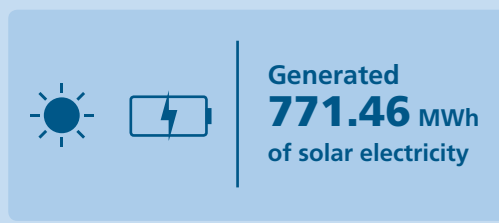
# Environmental, Social and Governance Report

## Case Study

### Advancing Climate Action: A Strategic Entry into Hong Kong's Solar Energy Market

In a proactive effort to contribute to the reduction of carbon emissions, the Group has strategically entered the solar energy market in Hong Kong in recent years. During the Reporting Period, total electricity generated from solar energy system projects experienced a significant increase, reaching approximately 918 times the cumulative production recorded in 2022 and 2023. By collaborating with potential property and landowners for solar energy system projects, the Group envisions a steady expansion in the installation of solar energy systems in the future.

**The cumulative achievement of our solar energy system projects since its commencement in 2022 includes:**



## Energy, Air and GHG Emissions

Our main sources of air, GHG emissions and energy consumption are purchased electricity and fuel consumption of company vehicles.

As a responsible corporation, the Group is dedicated to minimising energy consumption, and air and GHG emissions that will bring negative environmental impacts to the globe. For instance, within our oil and gas operations business, we have established a comprehensive environmental risk assessment system for emergency scenarios, which includes simulating and preventing volatile organic compound (VOC) emissions from leakage incidents, minimising potential air quality impacts and ensuring compliance with air quality standards in operational areas.

# Environmental, Social and Governance Report

The Group has implemented a set of green measures as stated below:

## Measures Tackling Energy, Air and GHG Emissions

### Energy-Saving

- Install LED lights
- Encourage office temperature maintenance 24–26°C in summer
- Promote switching off idle electric appliances
- Increase usage of innovative and energy-efficient technology
- Track and monitor energy usage across operations
- Conduct regular energy audit

### Air Quality Management

- Efficiently plan driving routes to minimise trips
- Implement engine shut-off during idling periods
- Regularly maintain and repair vehicles by qualified personnel
- Ensure fuel efficiency and compliance with emission standards
- Install monitoring devices to prevent tank leakage and abnormal evaporation
- Commit to immediate inspections and repairs for safety and waste prevention
- Install inner floating roofs in storage tanks to reduce evaporation
- Implement oil gas facilities to reclaim vapour into storage tanks
- Utilise low-energy consumption, low-emission vehicles and engines and high-quality clean fuels
- Implement dust control measures including site watering, material covering, and work suspension during high-wind conditions
- Employ qualified tools and techniques throughout the drilling and completion process to ensure wellbore integrity and prevent gas migration

### GHG Reduction

- Control the selection of vehicles
- Promote the importance of vehicle maintenance
- Encourage environmentally friendly driving habits
- Implement video conferencing to reduce business travel

# Environmental, Social and Governance Report

## Water Resources Management

The Group is committed to enhancing water efficiency, with water consumption primarily associated with our operational activities. During the Reporting Period, the Group did not encounter any difficulties in sourcing water. Emphasising wastewater management, the main sources of wastewater include initial rainwater and sanitary sewage from our storage business.

### Water-Saving Measures, Water Resources Protection and Wastewater Treatment

#### Water Conservation

- Reuse reclaimed water from greywater recycling facilities for irrigation
- Mandate employees to turn off water taps after use
- Report any water leakage or drip for prompt maintenance

#### Water Resources Protection

- Conduct regular inspections and perform prompt repairs of pipelines and well sites to minimise crude oil leaks
- Implement immediate remediation, such as cement grouting, to seal compromised casings and prevent oily wastewater from contaminating aquifers
- Utilise advanced monitoring systems and ensure the immediate activation of emergency response plans to mitigate impacts on groundwater in the event of an incident

#### Wastewater Management

- Install trench drains around loading areas to prevent spills
- Equip rain and sewage diffidence systems to recycle and cool incoming trucks
- Equip a wastewater treatment facility for proper treatment before discharge
- Test sewage through monitoring systems to ensure compliance with relevant laws and regulations

# Environmental, Social and Governance Report

## Waste Management

The non-hazardous waste generated from the Group's operations mainly includes other general refuse and a minimal amount of hazardous waste generated from our storage business.

To address this, the Group has instituted stringent guidelines to ensure proper waste treatment, supported by dedicated personnel responsible for waste management practices across our operations. For instance, within our storage business, our EHS Department oversees these waste management practices, while corresponding departments are also mandated to periodically report waste performance for assessment. Detailed waste management measures are outlined below:

### Waste Management Measures

#### Hazardous Waste Management

- Establish stringent guidelines for proper treatment of hazardous waste
- Designate specific waste areas for safe sorting and storage prior to disposal
- Appoint licensed waste disposal service companies for appropriate disposal and treatment

#### Non-Hazardous Waste Management

- Encourage general waste sorting and waste reduction at the source
- Implement recycling of reusable materials, particularly metals
- Conduct annual activities, such as seminars, to raise waste reduction awareness among employees

# Environmental, Social and Governance Report

## Sustainable Procurement

The Group places strong emphasis on sustainable procurement and promotes environmentally preferable products and services when selecting suppliers. Our Sustainable Procurement Policy reflects our commitment to green procurement practices throughout the procurement process, including:

- In addition to using FSC® certified eco-friendly paper and the purchase of appliances with energy labels, priority is given to suppliers committed to environmental responsibility or offering eco-friendly products and services during the selection process, such as prioritising the use of sustainable materials and products, such as those with low embodied carbon, low volatile organic compound (VOC), recyclability, or rapid renewability.
- The Group collaborates with local suppliers to reduce the carbon footprint from transportation.

## Biodiversity and Natural Resources

Biodiversity sustains the health, resilience, and productivity of ecosystems — the foundations of long-term business success and thriving communities. We recognise that our oil and gas operations business has the potential to impact the surrounding ecosystems and are committed to mitigating these effects throughout the project lifecycle. From construction and operation to well decommissioning, we deploy targeted measures to minimise our environmental footprint, such as timely restoring vegetation in disturbed areas upon completion of construction. Additionally, we conduct a thorough Environmental Protection Acceptance survey upon project completion, which formally assesses our compliance with ecological standards and confirms the successful implementation of all planned mitigation actions.

To the end, the Group strictly adheres to all contractual provisions for ecological protection within the boundaries, ensuring full adherence to environmental protection requirements throughout the operations.

## LOOKING FORWARD

In our ongoing commitment to sustainability, the Group is dedicated to further integrating ESG into our business operations. Our focus extends beyond creating value solely for our customers and our workforce; the Group is equally devoted to benefitting the environment and community at large. As the Group embarks on this sustainability journey, the Group remains dedicated to continually exploring and enhancing both our business and ESG performance over the year ahead towards a more sustainable, resilient future.

# Environmental, Social and Governance Report

## PERFORMANCE DATA SUMMARY

### Environmental Performance<sup>9,10</sup>

	Unit	2024 <sup>11</sup>	2023
<b>Air Emission</b>			
Nitrogen oxides (NO <sub>x</sub> )	kg	32.78	26.98
Sulphur oxides (SO <sub>x</sub> )	kg	0.72	0.36
Particulate Matter (PM)	kg	2.41	2.21
<b>Energy Consumption<sup>12</sup></b>			
Total Energy Consumption	MWh	8,713.09	1,076.58
• Unleaded Petrol	MWh	437.14	213.45
• Diesel Oil	MWh	7.47	9.38
• Purchased Electricity	MWh	8,268.47	853.75
Total Energy Consumption Intensity	MWh/gross floor area (m <sup>2</sup> )	0.14	0.58
	MWh/revenue (HK\$ million)	6.79	0.85
<b>GHG Emission</b>			
Total GHG (Scopes 1 & 2) Emission <sup>13</sup>	tonnes CO <sub>2</sub> e	4,844.38	584.80
• Total Direct (Scope 1) GHG Emission	tonnes CO <sub>2</sub> e	129.93	64.92
• Energy Indirect (Scope 2) Emission	tonnes CO <sub>2</sub> e	4,714.45	519.88
Total GHG (Scopes 1 & 2) Intensity	tonnes CO <sub>2</sub> e/gross floor area (m <sup>2</sup> )	0.08	0.31
	tonnes CO <sub>2</sub> e/revenue (HK\$ million)	3.78	0.46
<b>Water<sup>14</sup></b>			
Total Water Consumption	m <sup>3</sup>	2,179.00	3,482.00
Total Water Consumption Intensity	m <sup>3</sup> /gross floor area (m <sup>2</sup> )	0.03	1.87
	m <sup>3</sup> /revenue (HK\$ million)	1.70	2.75

<sup>9</sup> Totals may not be the exact sum of numbers shown here due to rounding.

<sup>10</sup> The intensity metric is based on the gross floor area ("GFA") and total revenue of our scope during the respective reporting year in this chapter, unless otherwise specified. During the Reporting Period, the data scope was expanded to include our oil and gas operations to provide a more comprehensive overview of our environmental performance.

<sup>11</sup> The 2024 data covered the available data from our core business operations.

<sup>12</sup> The data on purchased electricity and its corresponding indirect GHG emissions (Scope 2) did not include some of our offices in the PRC, as the electricity supply was controlled by the property management and hence the relevant data was unavailable to individual tenants.

<sup>13</sup> In accordance with The Greenhouse Gas Protocol — A Corporate Accounting and Reporting Standard (Revised Edition) published by the World Business Council for Sustainable Development and World Resources Institute, Scope 1 direct emissions are resulted from operations that are owned or controlled by the Group, while Scope 2 energy indirect emissions result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed within the Group.

<sup>14</sup> The data on water consumption did not include some of our offices in the PRC, the Hong Kong SAR, the Macao SAR as well as Singapore, as the water supply is controlled by the property management and such data is unavailable to individual tenants.

# Environmental, Social and Governance Report

	Unit	2024 <sup>11</sup>	2023
<b>Waste</b>			
Total Hazardous Waste Generated	tonnes	6.65	2.54
Total Hazardous Waste Intensity	tonnes/gross floor area (m <sup>2</sup> )	0.0001	0.0014
	tonnes/revenue (HK\$ million)	0.005	0.0020
Total Non-hazardous Waste Generated	tonnes	14.38	16.45
• Recyclable materials: metal, plastic, and paper	tonnes	0.63	0.98
• Disposed general waste	tonnes	13.76	15.47
Total Non-hazardous Waste Intensity	tonnes/gross floor area (m <sup>2</sup> )	0.0002	0.0088
	tonnes/revenue (HK\$ million)	0.011	0.013

# Environmental, Social and Governance Report

## Social Performance

		Unit	2024 <sup>15</sup>	2023
<b>Workforce<sup>16</sup></b>				
Total Workforce		No. of people	268	145
By gender	Male	No. of people	213	100
	Female	No. of people	55	45
By employee category	Senior Management	No. of people	26	14
	Managerial/Supervisory Staff	No. of people	45	25
	General Staff	No. of people	197	106
By employment type	Full-time	No. of people	261	140
	Part-time	No. of people	7	5
By age group	<31	No. of people	43	44
	31–50	No. of people	157	70
	>50	No. of people	68	31
By geographical region	Hong Kong	No. of people	14	10
	Macao	No. of people	3	3
	Singapore	No. of people	6	6
	The PRC	No. of people	245	126
<b>Employee Turnover Rate<sup>17</sup></b>				
By gender	Male	%	17	19
	Female	%	29	11
By age group	<31	%	67	32
	31–50	%	11	10
	>50	%	8	7
By geographical region	Hong Kong	%	42	10
	Macao	%	33	67
	Singapore	%	0	17
	The PRC	%	19	15

<sup>15</sup> The 2024 data covered the available data from our core business operations.

<sup>16</sup> Data of the whole Group has been included.

<sup>17</sup> Calculation of employee turnover rate: Number of employees who left during the Reporting Period divided by the total number of employees as at the end of the Reporting Period x 100%.

# Environmental, Social and Governance Report

		Unit	2024 <sup>15</sup>	2023
<b>Development and Training<sup>18</sup></b>				
<b>Employees Trained<sup>19</sup></b>				
By gender	Male	%	70	73
	Female	%	75	67
By employee category	Senior Management	%	36	57
	Managerial/Supervisory Staff	%	32	59
	General Staff	%	84	75
<b>Average Training Hours per Employee<sup>20</sup></b>				
By gender	Male	Hours	39.2	117.9
	Female	Hours	59.7	153.2
By employee category	Senior Management	Hours	12.3	9.5
	Managerial/Supervisory Staff	Hours	14.7	19.5
	General Staff	Hours	52.3	165.8

<sup>18</sup> Training data included relevant training data of resigned employees during the Reporting Period to reflect the number of resources invested by the Group in training.

<sup>19</sup> Calculation of employee trained: Number of employees trained in the specific category during the Reporting Period divided by number of employees in the specific category at the end of the Reporting Period x 100%.

<sup>20</sup> Calculation of average training hours per employee: Training hours of employees in the specific category during the Reporting Period divided by number of employees in the specific category at the end of the Reporting Period.

# Environmental, Social and Governance Report

## SIGNIFICANT LAWS AND REGULATIONS

ESG Aspect	Significant Laws and Regulations			
	The PRC	The Hong Kong SAR	The Macao SAR	Singapore
Aspect A: Environment	<ul style="list-style-type: none"> <li>• Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》)</li> <li>• Law of the PRC on Prevention and Control of Water Pollution (《中華人民共和國水法》)</li> <li>• Law of the PRC on Prevention and Control of Soil Contamination (《中華人民共和國土壤污染防治法》)</li> <li>• Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》)</li> <li>• Regulation on the Safe Management of Hazardous Chemicals (《危險化學品安全管理條例》)</li> <li>• Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》)</li> <li>• Environmental Protection Law of the PRC (《中華人民共和國環境保護法》)</li> <li>• Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》)</li> </ul>	<ul style="list-style-type: none"> <li>• Cap. 311 Air Pollution Control Ordinance</li> <li>• Cap. 358 Water Pollution Control Ordinance</li> <li>• Cap. 354 Waste Disposal Ordinance</li> <li>• Cap. 400 Noise Control Ordinance</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental Law (Law No.2/91/M)</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental Public Health Act</li> <li>• Control and Drainage Act 1975</li> <li>• Environmental Protection and Management Act 1999</li> <li>• Environmental Public Health Act (EPHA) and the Environmental Public Health (Toxic Industrial Waste) Regulations (TIWR)</li> <li>• Environmental Protection and Management Act</li> </ul>

# Environmental, Social and Governance Report

ESG Aspect	Significant Laws and Regulations			
	The PRC	The Hong Kong SAR	The Macao SAR	Singapore
Aspect B1: Employment	<ul style="list-style-type: none"> <li>• Employment Promotion Law of the PRC (《就業促進法》)</li> <li>• Labour Law of the PRC (《中華人民共和國勞動法》)</li> <li>• Labour Contract Law of the PRC (《中華人民共和國勞動合同法》)</li> <li>• Social Insurance Law of the PRC (《中華人民共和國社會保險法》)</li> </ul>	<ul style="list-style-type: none"> <li>• Cap. 57 Employment Ordinance</li> <li>• Cap. 282 Employees' Compensation Ordinance</li> <li>• Cap. 480 Sex Discrimination Ordinance</li> <li>• Cap. 487 Disability Discrimination Ordinance</li> <li>• Cap. 527 Family Status Discrimination Ordinance</li> <li>• Cap. 602 Race Discrimination Ordinance</li> </ul>	<ul style="list-style-type: none"> <li>• Labour Relations Law (Law No. 7/2008)</li> </ul>	<ul style="list-style-type: none"> <li>• Employment of Foreign Manpower Act</li> <li>• Employment Act</li> <li>• Central Provident Fund Act</li> <li>• Immigration Act</li> </ul>
Aspect B2: Health and Safety	<ul style="list-style-type: none"> <li>• Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》)</li> <li>• Regulations on Work Injury Insurance (《工傷保險條例》)</li> <li>• Work Safety Law of the PRC (《中華人民共和國安全生產法》)</li> <li>• Special Provisions on the Labour Protection of Female Employees (《女職工勞動保護特別規定》)</li> <li>• Interim Measures for the supervision and administration of the three simultaneous supervision of safety facilities in construction projects (《建設項目安全設施“三同時”監督管理辦法》)</li> </ul>	<ul style="list-style-type: none"> <li>• Cap. 509 Occupational Safety and Health Ordinance</li> </ul>	<ul style="list-style-type: none"> <li>• Approval of General Regulation of Working Safety and Hygiene of Office, Service and Commercial Establishment (Law No. 37/89/M)</li> </ul>	<ul style="list-style-type: none"> <li>• Workplace Safety and Health Act</li> <li>• Environmental Public Health Act</li> </ul>

# Environmental, Social and Governance Report

ESG Aspect	Significant Laws and Regulations			
	The PRC	The Hong Kong SAR	The Macao SAR	Singapore
	<ul style="list-style-type: none"> <li>Measures for the Supervision and Administration of “Three Simultaneities” of Facilities for the Prevention and Control of Occupational Diseases of Construction Projects (《建設項目職業病防護設施“三同時”監督管理辦法》)</li> <li>Special Equipment Safety Law of the PRC (《中華人民共和國特種設備安全法》)</li> <li>Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》)</li> <li>Measures for the Safety Supervision and Administration of Hazardous Chemical Construction Projects (《危險化學品建設項目安全監督管理辦法》)</li> <li>Work Safety Law of the PRC (《中華人民共和國安全生產法》)</li> <li>Fire Protection Law of the PRC (《中華人民共和國消防法》)</li> <li>Regulations on Occupational Health Supervision and Management in the Workplace (《工作場所職業衛生監督管理規定法規》)</li> <li>Measures for the Supervision and Administration of Occupational Health Surveillance by Employers (《用人單位職業健康監護監督管理辦法》)</li> </ul>			

# Environmental, Social and Governance Report

ESG Aspect	Significant Laws and Regulations			
	The PRC	The Hong Kong SAR	The Macao SAR	Singapore
Aspect B4: Labour Standards	<ul style="list-style-type: none"> <li>• Law of the PRC on the Protection of Minors (《中華人民共和國未成年人保護法》)</li> <li>• Protection of Children and Youths Welfare and Rights Act (《未成年工特殊保護規定》)</li> <li>• Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》)</li> <li>• Labour Law of the PRC (《中華人民共和國勞動法》)</li> </ul>	<ul style="list-style-type: none"> <li>• Cap. 57B Employment of Children Regulations</li> <li>• Cap. 57 Employment Ordinance</li> </ul>	<ul style="list-style-type: none"> <li>• Framework Law on Employment Policy and Worker's Rights (Law No. 4/98/M)</li> <li>• Regulation on prohibition of illegal work (Law No. 17/2004)</li> </ul>	<ul style="list-style-type: none"> <li>• Employment Act</li> </ul>
Aspect B6: Product Responsibility	<ul style="list-style-type: none"> <li>• Civil Code of the PRC (《民法典》)</li> <li>• Law of the PRC on Protection of the Rights and Interests of the Consumers (《中華人民共和國消費者權益保護法》)</li> <li>• Product Quality Law of the PRC (《中華人民共和國產品質量法》)</li> <li>• Advertising Law of the PRC (《中華人民共和國廣告法》)</li> <li>• Law of the PRC on Protection of the Rights and Interests of the Consumers (《中華人民共和國消費者權益保護法》)</li> <li>• Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》)</li> </ul>	<ul style="list-style-type: none"> <li>• Cap. 26 Sale of Goods Ordinance</li> <li>• Cap. 457 Supply of Services (Implied Terms) Ordinance</li> <li>• Cap. 486 Personal Data (Privacy) Ordinance</li> <li>• Copyright (Amendment) Ordinance 2007</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer Protection Law (Law No. 12/88/M)</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer Protection Laws and Regulations 2023</li> <li>• Workplace Safety and Health Act</li> <li>• Singapore Code of Advertising Practice (SCAP)</li> <li>• Personal Data Protection Act</li> </ul>
Aspect B7: Anti-corruption	<ul style="list-style-type: none"> <li>• Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》)</li> <li>• Criminal Law of the PRC (《中華人民共和國刑法》)</li> <li>• Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》)</li> </ul>	<ul style="list-style-type: none"> <li>• Cap. 201 Prevention of Bribery Ordinance</li> </ul>	<ul style="list-style-type: none"> <li>• Prevention and Suppression of Money Laundering Crimes (Law no. 2/2006)</li> </ul>	<ul style="list-style-type: none"> <li>• Prevention of Corruption Act</li> <li>• Penal Code</li> <li>• Corruption, Drug Trafficking, And Other Serious Crimes Act (CDSA)</li> </ul>

# Environmental, Social and Governance Report

## ESG REPORTING CODE CONTENT INDEX

### Subject Areas, Aspects, General Disclosure and Key Performance Indicators (“KPIs”)

	Section	Page Number
<b>A. Environmental</b>		
<i>Aspect A1: Emissions</i>		
General Disclosure	Creating Value for Our Environment	P. 59
Information on:	Significant Laws and Regulations	P. 71
(a) the policies; and		
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		
Note: Air emissions include NO <sub>x</sub> , SO <sub>x</sub> , and other pollutants regulated under national laws and regulations.		
Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.		
Hazardous wastes are those defined by national regulations.		
KPI A1.1	The types of emissions and respective emissions data.	Performance Data Summary — Environmental Performance P. 67
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Summary — Environmental Performance P. 67
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Summary — Environmental Performance P. 68
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Summary — Environmental Performance P. 68

# Environmental, Social and Governance Report

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KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Creating Value for Our Environment	P. 61
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management	P. 65
<i>Aspect A2: Use of Resources</i>			
General Disclosure		Creating Value for Our Environment	P. 59
Policies on the efficient use of resources, including energy, water and other raw materials.			
Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.			
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Performance Data Summary — Environmental Performance	P. 67
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Data Summary — Environmental Performance	P. 67
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Creating Value for Our Environment	P. 63
		Energy, Air and GHG Emissions	P. 63
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Creating Value for Our Environment	P. 64
		Water Resource Management	P. 64
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Due to the business nature, the Group does not generate a significant amount of packaging material.	N/A

# Environmental, Social and Governance Report

## Subject Areas, Aspects, General Disclosure and Key Performance Indicators (“KPIs”)

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### *Aspect A3: The Environment and Natural Resources*

General Disclosure Biodiversity and Natural Resources P. 66

Policies on minimising the issuer’s significant impact on the environment and natural resources.

KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. Biodiversity and Natural Resources P. 66

Green Procurement P. 66

### *Aspect A4: Climate Change*

General Disclosure Climate Resilience and Management P. 59

Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.

KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. Climate Resilience and Management P. 59

## **B. Social**

### ***Employment and Labour Practices***

#### *Aspect B1: Employment*

General Disclosure Creating Value for Our People P. 53

Information on: Significant Laws and Regulations P. 72

(a) the policies; and

(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

# Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosure and Key Performance Indicators (“KPIs”)		Section	Page Number
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Performance Data Summary — Social Performance	P. 69
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data Summary — Social Performance	P. 69
<i>Aspect B2: Health and Safety</i>			
General Disclosure		Occupational Health and Safety Significant	P. 56
Information on:			
(a) the policies; and		Laws and Regulations	P. 72
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.			
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety	P. 56
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety	P. 56
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety	P. 56
<i>Aspect B3: Development and Training</i>			
General Disclosure		Talent Development	P. 56
Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.			
Note: Training refers to vocational training. It may include internal and external courses paid by the employer.			
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Data Summary — Social Performance	P. 56
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Data Summary — Social Performance	P. 70

# Environmental, Social and Governance Report

## Subject Areas, Aspects, General Disclosure and Key Performance Indicators (“KPIs”)

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<i>Aspect B4: Labour Standards</i>			
General Disclosure		Human Rights Protection	P. 54
Information on:		Significant Laws and Regulations	P. 74
(a) the policies; and			
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.			
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Human Rights Protection	P. 54
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Human Rights Protection	P. 54
<b>Operating Practices</b>			
<i>Aspect B5: Supply Chain Management</i>			
General Disclosure		Sustainable Supply Chain Management	P. 48
Policies on managing environmental and social risks of the supply chain.			
KPI B5.1	Number of suppliers by geographical region.	Sustainable Supply Chain Management	P. 49
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Sustainable Supply Chain Management	P. 48
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Supply Chain Management	P. 48
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Supply Chain Management	P. 48
		Sustainable Procurement	P. 48

# Environmental, Social and Governance Report

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<i>Aspect B6: Product Responsibility</i>			
General Disclosure		Creating Value for Our Customers	P. 47
Information on:			
(a)	the policies; and	Significant Laws and Regulations	P. 74
(b)	compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Due to our business nature, advertising and labelling are not applicable to us.	N/A
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Due to our business nature, the Group does not have products sold or shipped subject to recalls for safety and health reasons	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Quality of Products and Services	P. 49
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Respect for Intellectual Property Rights	P. 51
KPI B6.4	Description of quality assurance process and recall procedures.	Quality of Products and Services	P. 49
		Due to our business nature, the Group does not have products sold or shipped subject to recalls for safety and health reasons	N/A
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Data Privacy Protection and Cybersecurity	P. 50

# Environmental, Social and Governance Report

## Subject Areas, Aspects, General Disclosure and Key Performance Indicators (“KPIs”)

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### *Aspect B7: Anti-corruption*

General Disclosure Business Ethics and Integrity P. 51

Information on: Significant Laws and Regulations P. 74

- (a) the policies; and
- (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.

KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. Business Ethics and Integrity P. 52

KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. Business Ethics and Integrity P. 52

KPI B7.3 Description of anti-corruption training provided to directors and staff. Business Ethics and Integrity P. 52

## **Community**

### *Aspect B8: Community Disclosure*

General Disclosure Community Investment P. 58

Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests.

KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). Community Investment P. 58

KPI B8.2 Resources contributed (e.g. money or time) to the focus area. Community Investment P. 58

# Directors' Report

The Directors present their report and the audited consolidated financial statements of the Company for the Year.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal associates and subsidiaries are set out in notes 17 and 45 to the consolidated financial statements respectively.

## BUSINESS REVIEW

Detailed business review as required by Schedule 5 to the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including the particulars of important events affecting the Group, a discussion of the principal risks and uncertainties facing the Group, an indication of likely future developments in the Group's business and an analysis of the Group's performance using financial key performance indicators, is set out in the Chairman's Statement and the Management Discussion and Analysis on pages 5 to 7 and pages 8 to 17 respectively.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

Environmental policies have been adopted by the Group for the implementation of environmentally friendly measures and practices in the operation of the Group's businesses, which include, among others, discharging wastewater produced to sewage treatment plant, encouraging employees to adopt green lifestyle in office by using recycled paper and printing on both sides and encouraging the use of video conferencing or telephone conferencing as a substitute to business travel.

The Group has also reviewed its environmental policies and performance from time to time in order to minimise the environmental impacts from our operations. During the Year, the Company was not aware of any non-compliance with any regulations related to environmental protection that had a significant impact on the Group.

Detailed environmental policies and performance of the Group are set out in the Environmental, Social and Governance Report on pages 38 to 81.

## COMPLIANCE WITH LAWS AND REGULATIONS

On 15 October 2025, Strong Petrochemical Limited ("Strong HK"), an indirectly wholly-owned subsidiary of the Company, filed a writ of summons with the High Court of Hong Kong against Mr. Yao Guoliang and Dr. Tan Xiao, both former directors of Strong HK. The claim seeks payment of approximately RMB37.0 million, representing losses suffered by Strong HK in relation to a purported crude oil transaction with an external party in late 2024. Strong HK alleges that Mr. Yao Guoliang and Dr. Tan Xiao acted in breach of fiduciary, common law and/or statutory duties owed to Strong HK. Relief sought includes a declaration that the meetings and resolutions relating to the purported transaction are invalid (or alternatively an order setting aside such resolutions), damages, equitable compensation, restitutionary relief, interest, costs, and such further relief as the High Court of Hong Kong may deem fit.

# Directors' Report

On 25 February 2026, the Company and Strong HK filed a writ of summons with the High Court of Hong Kong against Mr. Yao Guoliang and Dr. Tan Xiao, both former executive directors of the Company and former directors of Strong HK, and against several external entities (the "Receiving Entities"). The claim seeks payment of approximately HK\$8.8 million, being a series of unauthorised payments made from a bank account of Strong HK between December 2024 and January 2025 (the "Sum") and an account for profits, on the basis that Mr. Yao Guoliang and Dr. Tan Xiao were in breach of their fiduciary duties owed to the Company and Strong HK, while the Receiving Entities were unjustly enriched by their receipt of the Sum and/or liable as knowing recipients, for dishonest assistance and/or as constructive trustees for receiving their respective portions of the Sum.

Save as disclosed above, during the Year, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on the Group.

## RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

### Employees

Employees are regarded as one of the most important and valuable assets of the Group. The Group strives to reward and recognise performing employees by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

### Customers and Suppliers

The Group maintains stable and cooperative relationships with its customers. To ensure that our traded products remain competitive, the Group closely monitors market movements and collaborates with customers for new products development. Our traders communicate with our customers frequently to ensure different varieties of commodities the Group trades can meet the demands and changing requirements of customers. The Group also manages its relationship with suppliers to ensure reliability, stability and quality of different commodities supplied to the Group.

## RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 106 to 107.

The Board does not recommend the payment of final dividends for the Year (2023: Nil). For details of the interim dividends for the Year, please refer to Note 12 to the consolidated financial statements and the announcement of the Company dated 12 June 2026.

# Directors' Report

## RESPONSE TO THE QUALIFIED OPINION OF THE INDEPENDENT AUDITOR

The independent auditor has issued a qualified opinion in the independent auditor's report in respect of the consolidated financial statements of the Group for the Year. As described in the independent auditor's report and in Notes 1.1(A) and 1.1(B) to the consolidated financial statements, the qualified opinion relates to three scope limitations:

- (a) Crude Oil Trading Transactions entered into by Strong Petrochemical Limited ("Strong HK") — the auditor was unable to obtain sufficient appropriate audit evidence regarding the business rationale and commercial substance of certain crude oil trading transactions entered into by Strong HK with certain third parties during the year ended 31 December 2024.
- (b) Strong Macao Limited ("Strong Macao")'s sales and purchase transactions — due to the loss of books and records of Strong Macao, the auditor was unable to obtain sufficient appropriate audit evidence to verify the occurrence and accuracy of certain sales and purchase transactions recorded by Strong Macao.
- (c) Two bank balances and disclosures — the auditor was unable to obtain external confirmations for two bank accounts of certain wholly-owned subsidiaries, due to the company seal not matching bank records or the inability to obtain the signature of a former director who remained as an authorised signatory.

### 1. The views of the Management

#### Regarding Strong HK's crude oil trading transactions

The Management acknowledges that the crude oil trading transactions were authorised by a former director, Mr. Yao Guoliang, and carried out by former employees under his direction, without the knowledge or approval of the then board. The Management notes the auditor's observation that these former personnel were neither reachable nor willing to communicate with the Current Board. Notwithstanding that, despite the Management's efforts, we have not been able to obtain explanations or information from them that would satisfy the auditor regarding the business rationale and commercial substance of these transactions. Based on the findings set out in Note 1.1(B) to the consolidated financial statements, the Management has identified that:

- the vessel was not in the designated port during the transaction period according to international oil tanker voyage tracker public information;
- the Certificates of Quality and Origin were forged and/or manipulated by the former directors and/or their agents;
- payments of HK\$9,854,000 to the Customer for other charges were made without valid basis;
- one letter of credit of approximately RMB178,318,000 was neither negotiated nor discounted;
- Strong HK did not request payment under the Sales Contracts, nor did it make any payment under the Purchase Contracts.

# Directors' Report

In light of these findings, the Management concluded that the transactions lacked commercial substance and should not give rise to any revenue recognition. The receipts of approximately HK\$628,116,000 (comprising HK\$624,216,000 from discounting letters of credit and HK\$3,900,000 from the Supplier) were recorded as other payables because their nature could not be reliably substantiated. The corresponding payments of HK\$13,754,000 were recorded as other receivables and fully impaired. The Management considers this treatment to be the most prudent under the circumstances. The Company has since commenced legal proceedings against the former directors to recover the net loss suffered as disclosed in the announcement of the Company dated 17 October 2025.

## **Regarding Strong Macao's sales and purchase transactions**

The Management acknowledges that the books and records of Strong Macao were inaccessible until February 2025, and upon gaining access, it was discovered that the sales and purchase contracts and related supporting documents (including invoices and bills of lading) for all sales and purchase transactions were lost. The auditor has arranged external confirmations to the counterparties, but no replies were received up to the date of this report. Despite this, the Management was able to retrieve alternative evidence, including the electronic copy of the contract (retrieved from the Group's email backup systems), bill of lading (obtained from the terminal operator), commercial invoice, relevant email correspondence and bank statements (obtained directly from the bank). Based on these documents, which were mutually consistent, the Management concluded that the transactions were genuine and occurred in the ordinary course of business. Accordingly, the Management recognised the receipts of approximately HK\$132,694,000 as revenue and the payments of approximately HK\$131,872,000 as cost of sales for the reporting period. The Management acknowledges the auditor's concern regarding the absence of original supporting documents but believes that the alternative evidence obtained is sufficient to support the accounting treatment.

## **Regarding two bank balances and disclosures**

The Management has been unable to obtain bank confirmations for two bank accounts because the company seal used for the confirmation request did not match the bank's records, or because the signature of a former director (who remained as an authorised signatory) could no longer be obtained. As confirmed by the Current Board and noted by the auditor, there were no bank facilities, guarantees or pledged assets attached to these accounts. The Management has reviewed the bank statements for these accounts for the reporting period and up to the date of this report. The balances have remained consistently low (HK\$7,430 and HK\$1,677 as at 31 December 2024), and no unusual deposits, withdrawals or third-party transfers were observed, apart from the accumulation of interest income and one transfer to another Group bank account in connection with the Strong HK transaction (as disclosed in the announcement dated 17 October 2025). Based on this review, the Management considers it unlikely that there were any material unauthorised transactions, guarantees or financial arrangements in relation to these two accounts.

# Directors' Report

## 2. The views of the Audit Committee

The Audit Committee has continuously followed up on the matters giving rise to the qualified opinion. The Audit Committee acknowledges and respects the qualified opinion issued by the auditor based on its professional and independent assessment. The Audit Committee notes that the qualified opinion arises from scope limitations caused by the actions of former directors and the loss of certain books and records, and not from any disagreement with the Management's accounting policies or judgments.

The Audit Committee has discussed with the Management on the methodology to verify the relevant matters and basis of the relevant accounting treatment adopted by the Management and inspected important documents thereof, and is satisfied that all necessary and possible work has been done in order to form the Management's treatment and the Management has implemented appropriate remedial actions.

### Regarding Strong HK's crude oil trading transactions

The Audit Committee agrees with the Management's assessment that these transactions lacked commercial substance and should not be recognised as revenue. The Audit Committee notes that the Company has taken appropriate legal action against the former directors to recover the losses, and that the related receipts have been refunded to the customer in 2025 (as set out in Note 1.1(B)(IV)). The Audit Committee is satisfied that the Management's accounting treatment is prudent and reasonable under the circumstances.

### Regarding Strong Macao's sales and purchase transactions

The Audit Committee has reviewed the bank statements and the confirmations obtained from the counterparties. While acknowledging that the absence of original contracts and supporting documents is a documentation deficiency arising from the loss of books and records, the Audit Committee concurs with the Management that the available alternative evidence sufficiently supports the occurrence of the transactions and agrees with the Management's accounting treatment.

### Regarding two bank balances and disclosures

The Audit Committee has reviewed the bank statements for the two accounts and notes that the balances are immaterial and have remained stable. The Audit Committee agrees with the Management's assessment that there were no bank facilities, guarantees or pledged assets attached to these accounts, and that there is no evidence of material unauthorised transactions or encumbrances. The Audit Committee has urged the Management to expedite the process of changing the authorised signatories to ensure that full control over these accounts can be regained.

# Directors' Report

## 3. The Group's actions and plans

### Regarding the Strong HK's crude oil trading transactions

As disclosed in the announcement of the Company dated 17 October 2025, Strong HK has filed a writ of summons with the High Court of the Hong Kong against the relevant former director/employee to recover the losses of an approximate sum of RMB37 million. The related receipts have been refunded to the customer in 2025, and the other receivables have been fully impaired in the financial statements for the year ended 31 December 2024. These transactions were one-off in nature and will not recur in subsequent periods.

### Regarding Strong Macao's sales and purchase transactions

The loss of books and records of Strong Macao's sales and purchase transactions was discovered following the change of management and is believed to be attributable to actions of the former management as disclosed in the announcement of the Company dated 14 February 2025. This matter relates only to historical financial records and has no impact on the Group's current or future operations. These transactions were one-off in nature and will not affect the financial statements for subsequent periods.

### Regarding two bank balances and disclosures

Funds in the two bank accounts cannot be used until any further updates of the Cayman Petition or replacement of the account signatories, respectively. The Company has been engaging with the relevant banks to resolve freezing orders and update the management changes to seek replacement of the signatories and/or close the relevant bank accounts, expectedly within 2026, subject to the uncertainty in the timing of the Cayman Petition and the procedures of the relevant bank. Even if the change of signatories is not completed, the balances of these two accounts are immaterial (HK\$7,430 and HK\$1,677 as at 31 December 2024), and the Management does not expect any material impact on the Group's financial position or operations arising from these accounts.

The Group will continue to take appropriate actions to ensure that all outstanding audit issues are addressed in the subsequent financial reporting periods. The Audit Committee will monitor the progress of the remedial plans and report to the Board on a regular basis.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Year are set out in note 14 to the consolidated financial statements.

# Directors' Report

## SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 31 to the consolidated financial statements.

## FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, total assets and equity of the Group for the last five financial years is set out on page 4.

## DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at 31 December 2024, calculated in accordance with the Companies Act, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK\$941.6 million.

## DIRECTORS

The Directors during the Year and up to the date of this report were:

### Executive Directors

Dr. Wang Pang Paul (appointed on 25 January 2025)  
Mr. Cao Xinzhong (appointed on 25 January 2025)  
Mr. Wang Jian Sheng (re-designated as Non-Executive Director on 25 January 2025)  
Mr. Yao Guoliang (removed on 25 January 2025)  
Dr. Ma Yi (appointed on 2 October 2024 and removed on 25 January 2025)  
Dr. Tan Xiao (appointed on 14 October 2024 and removed on 25 January 2025)

### Non-executive Directors

Mr. Wang Jian Sheng (re-designated from Executive Director on 25 January 2025)  
Mr. Guo Yan Jun (appointed on 25 January 2025 and resigned on 8 July 2025)

### Independent Non-executive Directors

Mr. Wang Qihong (appointed on 25 January 2025)  
Dr. Lu Guoyang (appointed on 25 January 2025)  
Ms. Tam Yuk Yu (appointed on 25 January 2025)  
Ms. Cheung Siu Wan (resigned on 25 October 2024)  
Prof. Chan Yee Kwong (resigned 25 October 2024)  
Mr. Deng Heng (removed on 25 January 2025)  
Ms. Jiao Jie (appointed on 25 October 2024 and removed on 25 January 2025)  
Mr. Lai Wai Chi (appointed on 25 October 2024 and removed on 25 January 2025)

# Directors' Report

In accordance with Article 87 of the Company's articles of association, Mr. Wang Jian Sheng should retire at the forthcoming AGM and, being eligible, offer himself for re-election at the forthcoming AGM.

In accordance with Article 86(3) of the Company's articles of association, Dr. Wang Pang Paul, Mr. Cao Xinzhong, Mr. Wang Qihong, Dr. Lu Guoyang and Ms. Tam Yuk Yu should retire at the forthcoming AGM and, being eligible offer themselves for re-election at the forthcoming AGM.

The Directors' biographical details are set out on pages 18 to 19.

The Company received confirmation from each of the current INEDs of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considered all the current INEDs as independent since the date of their appointment.

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

## MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

## DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the section headed "Connected Transactions" of this report and note 40 to the consolidated financial statements, to the best of the Company's knowledge, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during the Year or at the end of the Year.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

To the best of the Company's knowledge, as at the date of this report, none of the Directors, the management shareholders of the Company and their respective associates (as defined in the Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 31 December 2024, the interest and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of Company's associated corporations (within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), as recorded in the register required to be kept under Section 352 of Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are set out below:

# Directors' Report

## Long Position in Ordinary Shares of HK\$0.025 Each of the Company

Name of Director	Nature of interest	Number of ordinary shares held	Approximate percentage of the issued share capital of the Company (%)
Mr. Wang Jian Sheng	Interest of a controlled corporation ( <i>note 1</i> )	1,041,746,000	49.06
	Interest of a controlled corporation ( <i>note 2</i> )	50,576,000	2.38
	Interest of concert parties ( <i>note 3</i> )	124,984,000	5.89
Mr. Yao Guoliang ( <i>note 4</i> )	Beneficial owner	124,984,000	5.89
	Interest of a controlled corporation ( <i>note 1</i> )	1,041,746,000	49.06
	Interest of concert parties ( <i>note 3</i> )	50,576,000	2.38

### Notes:

- Each of Sino Century and Jin Yao holds 50% of the entire issued share capital of Forever Winner. Mr. Wang Jian Sheng holds the entire issued share capital of Sino Century. Mr. Yao Guoliang holds the entire issued share capital of Jin Yao. On 8 December 2025, upon the application of Mr. Yao Guoliang, Forever Winner was wound up pursuant to an order granted by the Eastern Caribbean Supreme Court in the High Court of Justice in the British Virgin Islands and the Liquidators were appointed to Forever Winner under the provisions of the Insolvency Act 2003 (Revised 2020). On 29 May 2026, the Liquidators have entered into a sale and purchase agreement relating to disposal of 1,041,746,000 Shares with Speed Success.
- Mr. Wang Jian Sheng holds the entire issued share capital of Speed Success.
- As of 31 December 2024, since Mr. Wang Jian Sheng and Mr. Yao Guoliang jointly control Forever Winner which in turn holds 1,041,746,000 Shares, Mr. Wang Jian Sheng and Mr. Yao Guoliang are deemed as parties acting in concert. Therefore, as Mr. Yao Guoliang beneficially owned approximately 5.89% equity interest in the Company as at 31 December 2024, Mr. Wang Jian Sheng shall be deemed to hold the same equity interest in the Company. Simultaneously, as Mr. Wang Jian Sheng beneficially owned 2.38% equity interest in the Company as at 30 June 2025, Mr. Yao Guoliang shall be deemed to hold the same equity interest in the Company.
- Mr. Yao Guoliang was removed as executive director of the Company on 25 January 2025.

Save for those disclosed above, as at 31 December 2024, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to Company and the Stock Exchange pursuant to the Model Code.

None of the Directors or chief executive of the Company (including their spouses and children under the age of 18), during the Year, held any interests in or was granted any right to subscribe for the securities of Company and its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

## SHARE OPTIONS

The share option scheme (the "Share Option Scheme") was adopted on 15 May 2014 in view of the Share Option Scheme was able to provide the Company with more flexibility in long term planning of granting of the share options to the employees, Directors, consultants, advisers and shareholders of the Group in a longer period in the future so as to provide appropriate incentives or rewards to them for their contributions or potential contributions to the Group. All outstanding share options granted under the Share Option Scheme were lapsed during the Year.

# Directors' Report

The major terms of the Share Option Scheme are as follows:

1. The purpose of the Share Option Scheme was to provide the Company with more flexibility in long term planning of granting of the share options to the employees, Directors, consultants, advisers and shareholders of the Group in a longer period in the future so as to provide appropriate incentives or rewards to them for their contributions or potential contributions to the Group.
2. The eligible participants of the Share Option Scheme included (a) any part-time or full-time employee or officer of any member of the Group or of any associated company; (b) the chief executive or any director (including executive, non-executive or independent non-executive directors) of any member of the Group or of any associated company; (c) any supplier, agent, customer, distributor, business associate or partner, professional or other adviser of, or consultant or contractor to, any member of the Group or any associated company; and (d) any shareholder of any member of the Group or of any associated company who, in the opinion of the Board, had made or would make contributions which were or might be beneficial to the Group as a whole, to be determined absolutely by the Board.
3. The total number of Shares available for issue under the Share Option Scheme was 171,855,800 Shares, representing 10% of the issued Shares as at 15 May 2014 and approximately 8.1% of the issued Shares as at 12 June 2026 (the date of this Annual Report).
4. The total number of Shares issued and to be issued upon exercise of an option to subscribe for Shares granted under the Share Option Scheme (the "Options") granted to each eligible participant (including exercised, cancelled and outstanding Options) in any 12-month period should not exceed 1% of the Shares in issue.
5. The exercise period of any Options granted under the Share Option Scheme should be notified by the Board to each eligible participant who accepts an offer of the grant of an Option in accordance with the terms of the Share Option Scheme, or (where the context so permits) any person who was entitled, to exercise any Option to the extent not already exercised in consequence of the death of an original grantee (the "Grantee") on the date of offer to grant option (the "Offer Date"), but such period must not exceed ten years from the Offer Date.
6. Although there was no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option could be exercised under the terms of the Share Option Scheme, the Board might offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held and/or the performance targets to be achieved before such Options could be exercised and/or any other terms as the Board might determine at its absolute discretion.
7. The acceptance of an offer of the grant of the Options must be made within 30 days from the Offer Date with a non-refundable payment of HK\$1 from the Grantee.
8. The subscription price of Options should not be less than the highest of (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Offer Date; (ii) the average closing prices of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the Offer Date; and (iii) the nominal value of a Share on the Offer Date.
9. The Share Option Scheme should be valid and effective for a period of ten years commencing on the adoption date of the Share Option Scheme on 15 May 2014. The Share Option Scheme expired on 14 May 2024.

# Directors' Report

The movements in the share options of the Company under the Share Option Scheme during the Year are set out as follows:

Nature or category of participant	Date of grant <sup>(1)</sup> (dd/mm/yy)	Price of share of the Company			Number of share options <sup>(2)</sup>					
		Exercise price HK\$	At the grant date of share options HK\$	At the exercise date of share options HK\$	Outstanding at 01/01/2024	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year	Outstanding at 31/12/2024
Related entity participants or service providers with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of Shares in issue <sup>(3)</sup>	05/09/14	0.78	0.77	N/A	138,000,000	-	-	(138,000,000)	-	-
<b>Total</b>					138,000,000	-	-	(138,000,000)	-	-

Notes:

- Options granted were exercisable during the period starting from 6 September 2014 to 14 May 2024.
- During the Year, 138,000,000 share options of the Company were lapsed.
- They represented advisers who had provided advisory services (mainly for business opportunity for trading of crude oil) to the Group.

The number of options available for grant under the scheme mandate of the Share Option Scheme at the beginning was 33,855,800.

The numbers of Shares that might be issued in respect of options granted under the Share Option Scheme during the Year divided by the weighted average number of Shares in issue for the Year was approximately 6.5%.

Save as disclosed above, at no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

For further details of the principal terms of the Share Option Scheme, please refer to the circular of the Company dated 4 April 2014.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 31 December 2024, the Directors are not aware of any other person (other than the interests of the Director or chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO:

# Directors' Report

## Long Position in Shares of the Company

Name of shareholder	Nature of interest	Number of ordinary shares	Approximate percentage of shareholding (%)
Forever Winner	Beneficial Owner (note 1)	1,041,746,000	49.06
Hongkong Hengyuan Investment Limited	Beneficial Owner (note 2)	353,603,681	16.65

Notes:

- Each of Sino Century and Jin Yao holds 50% of the entire issued share capital of Forever Winner. Mr. Wang Jian Sheng holds the entire issued share capital of Sino Century. Mr. Yao Guoliang holds the entire issued share capital of Jin Yao. On 8 December 2025, Forever Winner was wound up pursuant to an order granted by the Eastern Caribbean Supreme Court in the High Court of Justice in the British Virgin Islands and the Liquidators were appointed to Forever Winner under the provisions of the Insolvency Act 2003 (Revised 2020). On 29 May 2026, the Liquidators have entered into a sale and purchase agreement relating to disposal of 1,041,746,000 Shares with Speed Success.
- Mr. Chang Liang holds the entire issued share capital of Hongkong Hengyuan Investment Limited.

## INTERESTS OF CONTROLLING SHAREHOLDERS IN CONTRACTS

Save as disclosed below in the section of "Connected Transactions", and in note 36 to the consolidated financial statements, there was no contract of significance, whether for provision of service or otherwise, between the Company or any of its subsidiaries and controlling shareholders (as defined in paragraph 16 of Appendix D2 to the Listing Rules) or any of its subsidiaries, at any time during the Year.

## CONNECTED TRANSACTIONS

During the Year, the Group entered into a tenancy agreement with Strong Property Limited, which constituted connected transaction and related party transaction. The tenancy agreement was terminated in August 2024. The details are set out in note 40 to the consolidated financial statements.

During the year, the Group entered into a tenancy agreement with Beijing Wanhua Real Estate Co., Ltd., which constituted connected transaction and related party transaction and the details are set out in note 40 to the consolidated financial statements.

The connected transaction under the above tenancy agreement falls within the de minimis threshold under Rule 14A.76(1) of the Listing Rules and therefore is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements contemplated under the Listing Rules.

## CONTINUING CONNECTED TRANSACTIONS

The Group had no continuing connected transactions during the Year.

## CHARITABLE DONATIONS

During the Year, the Group made charitable donations amounting to approximately HK\$43,000 (2023: approximately HK\$44,000).

# Directors' Report

## MAJOR CUSTOMERS AND SUPPLIERS

In the Year under review, sales to the Group's five largest customers and purchases from the five largest suppliers accounted for approximately 57% and approximately 75% of the total sales and purchases for the Year, respectively. The Group's largest customer and supplier accounted for approximately 18% and approximately 24% of the total sales and purchases for the Year, respectively.

None of the Directors, their close associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) has a beneficial interest in these major customers or suppliers.

## EMOLUMENT POLICY

The Group mainly determines staff remuneration in accordance with market terms and individual qualifications.

The Group implemented its remuneration policy, bonus and share option scheme based on the achievements and performance of employees.

The emoluments of the Directors will be decided by the Remuneration Committee having regard to the Group's operating results, individual performance and comparable market statistics. Details of Directors' emolument and other staff costs are set out in notes 11 and 10 respectively to the consolidated financial statements.

## RETIREMENT BENEFIT SCHEMES

Other than operating a Hong Kong Mandatory Provident Fund Scheme, participating in the defined contribution pension scheme operated by the Macao government authority, the Central Provident Fund operated by Singapore government and the PRC state-managed retirement benefit scheme, the Group has not operated any other retirement benefit scheme for the Group's employees. Particulars of the retirement benefit schemes are set out in note 35 to the consolidated financial statements.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Company's articles of association, every Director shall be entitled to be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she may incur or sustain in or about the execution of the duties of his or her office or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group throughout the Year.

## EVENTS AFTER THE REPORTING PERIOD

On 15 January 2025, the High Court of the Hong Kong ordered the Company's previous Board to hold an adjourned EGM, but it was adjourned again.

On 17 January 2025, the High Court of Hong Kong ordered another adjourned EGM, which was subsequently held on 25 January 2025 ("25 January EGM"). At the 25 January EGM, the previous Board was removed, except for Mr. Wang Jian Sheng. The new Directors were appointed on the same day.

After the 25 January EGM, the Company representatives entered the former Hong Kong head office and discovered various missing items, including accounting and company secretarial records, computer hardware, company chops, and bank tokens. A report was filed with the Hong Kong Police. Preliminary findings indicated possible misconduct by the former management.

# Directors' Report

The new Board established an independent board committee and engaged a Big 4 forensic team to investigate allegations of misappropriation, corporate governance violations, and misconduct related to prior investments and stolen items. Additionally, the Company engaged Acclime Consulting (Hong Kong) Limited to conduct an Internal Control Review covering corporate governance, risk management, anti-corruption measures, and key financial and operational processes across the Group.

Based on the findings of the independent forensic investigation, no deliberate misappropriation of the Group's assets by the current management, namely Mr. Wang Jian Sheng, Dr. Wang Pang Paul and Ms. Kwan Pui Shan was substantiated. Allegations of forgery and improper fund transfers raised by the former management were unsubstantiated. The independent board committee concluded, to the best of its knowledge and belief, that the matters investigated have no material impact on the Group's business or financial position, nor do they raise any regulatory concern regarding the integrity or competence of the current management. Details of the key findings of the independent forensic investigation were set out in the announcement of the Company dated 30 September 2025.

On 15 October 2025, Strong HK, an indirect wholly-owned subsidiary of the Company, filed a writ of summons with the High Court of Hong Kong against two former directors of Strong HK, Mr. Yao Guoliang and Dr. Tan Xiao. The claim relates to losses of approximately RMB37.0 million arising from a purported crude oil transaction in late 2024. Strong HK alleged that Mr. Yao Guoliang and Dr. Tan Xiao breached their fiduciary, common law and/or statutory duties owed to Strong HK. Details of the writ of summons were set out in the announcement of the Company dated 17 October 2025.

On 25 February 2026, the Company and Strong HK filed a writ of summons with the High Court of Hong Kong against Mr. Yao Guoliang and Dr. Tan Xiao, both former executive director of the Company and former directors of Strong HK, and the Receiving Entities. The claim relates to a series of unauthorised payments of approximately HK\$8.8 million made from a bank account of Strong HK between December 2024 and January 2025. The Company and Strong HK alleged that Mr. Yao Guoliang and Dr. Tan Xiao breached their fiduciary duties owed to the Company and Strong HK. Details of the writ of summons were set out in the announcement of the Company dated 2 March 2026.

As stated in the announcement of the Company dated 27 March 2026, the Company announced that Strong Petroleum Singapore Private Ltd., an indirect wholly-owned subsidiary of the Company, had received an arbitration award and a statutory demand served by a creditor in the total amount of approximately US\$4.0 million (equivalent to approximately HK\$31.0 million) plus interest, together with costs of approximately 0.28 million Singapore Dollar (equivalent to approximately HK\$1.6 million). The Company has already discussed with the other party the repayment schedule and reached agreement on the repayment arrangement. Details of the arbitration award and the statutory demand were set out in the announcement of the Company dated 27 March 2026.

As stated in the announcement of the Company dated 1 April 2026, the Company announced that it had received a writ of summons issued by the High Court of Hong Kong. The writ of summons was initiated by EuroAmerican, seeking recovery of approximately US\$34.2 million (equivalent to approximately HK\$266.6 million) plus interest and costs under an arbitral award dated 24 March 2022 against Strong MCO which was closed in 2021. To the best knowledge of the Company, the claims against the Company and the other defendants are based on the alleged conspiracy, and are not claims arising from any contractual relationship between EuroAmerican and the Defendants. The Company denies the allegations and has engaged legal advisers to defend the claims. The Board will take all necessary steps to protect the Company's position. Details of the writ of summons were set out in the announcement of the Company dated 1 April 2026.

# Directors' Report

As stated in the announcements of the Company dated 23 December 2024, 17 January 2025 and 18 December 2025, on 8 December 2025, upon application by Jin Yao, a company wholly owned by Mr. Yao Guoliang, a former executive director of the Company, Forever Winner is wound up pursuant to an order granted by the Eastern Caribbean Supreme Court in the High Court of Justice in the British Virgin Islands and the Liquidators were appointed to Forever Winner under the provisions of the Insolvency Act 2003 (Revised 2020). As of the date of this report, to the knowledge of the Company, Forever Winner is the controlling shareholder of the Company and holds 1,041,746,000 ordinary shares of the Company, accounting for approximately 49.06% of the total issued share capital of the Company. Forever Winner is owned as to 50% by Jin Yao and 50% by Sino Century which is wholly owned by Mr. Wang Jian Sheng who currently serves as a non-executive director of the Company.

As stated in the announcement of the Company dated 25 February 2026, the Company was informed by the Liquidators that the Liquidators have sent out an invitation for expression of interest looking for potential purchasers of the 1,041,746,000 ordinary shares of the Company held by Forever Winner on 16 February 2026. If the Potential Transaction materialises, it may trigger a mandatory general offer under the Takeovers Code. For the purpose of Practice Note 24 of the Takeovers Code and based on the fact that the Liquidators were actively looking a potential purchaser for the controlling stake of the Company as informed by the Liquidators, the offer period commenced on 25 February 2026.

As stated in the announcement of the Company dated 27 March 2026, the Company was informed by the Liquidators that six parties expressed interest in the Potential Transaction and each of them was selected by the Liquidators to enter into the bidding process of the Potential Transaction.

As stated in the announcement of the Company dated 24 April 2026, the Company was informed by the Liquidators that the Liquidators have received five non-binding indicative offers in respect of the Potential Transaction, but have not entered into any agreement with the bidders.

As stated in the announcement of the Company dated 2 June 2026, the Company was informed by the Liquidators that the Liquidators have entered into a sale and purchase agreement relating to disposal of 1,041,746,000 Shares with a bidder namely Speed Success. Speed Success is wholly owned by Mr. Wang Jian Sheng.

Save as disclosed, the Group had no significant events after 31 December 2024.

## EQUITY-LINKED AGREEMENT

Save as disclosed in the section headed "Share Options" of this report, no equity-linked agreements were entered into during the Year or subsisted at the end of the Year.

## 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.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

# Directors' Report

## **TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES**

The Company is not aware of any tax relief or exemption available to the shareholders by reason of their respective holding of the Company's securities.

## **SUFFICIENCY OF PUBLIC FLOAT**

As at the date of this report, based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a sufficient public float.

On behalf of the Board

**Wang Qihong**

*Chairman*

12 June 2026

# Independent Auditor's Report



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To the Shareholders of  
**Strong Petrochemical Holdings Limited**  
*(incorporated in the Cayman Islands with limited liability)*

## QUALIFIED OPINION

We have audited the consolidated financial statements of Strong Petrochemical Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 106 to 192, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, except for the possible effect and effect of the matters described in the "Basis for Qualified Opinion" section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR QUALIFIED OPINION

### (a) Scope limitation on the transactions and balances of Strong Petrochemical Limited ("Strong HK") with certain third parties

As disclosed in Note 1.1(B) to the consolidated financial statements, a subsidiary of the Company, Strong Petrochemical Limited ("Strong HK"), entered into a series of transactions with certain third parties related to the trading of crude oil ("Crude Oil Trading Transactions"), during the year ended 31 December 2024.

As a result of the Crude Oil Trading Transactions, as at 31 December 2024, the Group had other receivables of HK\$Nil (net of an impairment loss of HK\$13,754,000) and other payables of HK\$628,116,000 included in other payables and deposits as disclosed in Notes 20B and 25B respectively in the consolidated financial statements. The impairment loss was recognised in profit or loss for the year ended 31 December 2024.

# Independent Auditor's Report

We discussed with the Board of Directors (the "Current BoD") of the Company and inspected the relevant supporting documents including, but not limited to, agreements entered into by Strong HK with the Customer and the Supplier, and all related documents, payment records and receipt records, as well as circularised audit confirmations to the Customer and the Supplier regarding the nature and amounts of other receivables and other payables amounting to HK\$13,754,000 and HK\$628,116,000 respectively, to understand the business rationale for entering into the Crude Oil Trading Transactions and the related commercial substance. However, as explained by the Current BoD that the Crude Oil Trading Transactions were authorised by a former director and carried out by former employees under the former director's direction and they were neither reachable, through telephone, instant messages, electronic mails or postal mails nor willing to communicate with the Current BoD, we have neither received explanations from the Current BoD, nor obtained information from external parties, including the former director and former employees, that would satisfy us regarding the reasonableness of the business rationale and the commercial substance of the Crude Oil Trading Transactions. These explanations and information include in Note 1.1(B)(III) "Outstanding and Unfulfilled Contractual Terms of the Crude Oil Trading Transactions".

As a result, we were unable to obtain sufficient and appropriate audit evidence to ascertain the business rationale of the Crude Oil Trading Transactions and the related commercial substance and therefore to conclude whether the Crude Oil Trading Transactions were properly accounted for and the other receivables of HK\$Nil (net of the impairment loss of HK\$13,754,000) and the other payables respectively disclosed in Note 20 and Note 25 to the consolidated financial statements were properly classified and disclosed in the consolidated financial statements, and whether the consolidated financial statements for the year ended 31 December 2024 were free from material misstatement. Consequently, we were unable to determine whether any adjustment to these amounts and disclosures was necessary.

## **(b) Scope limitation on certain trading transactions**

As set out in Note 5 to the consolidated financial statements for the year ended 31 December 2024, the Group recorded revenue from trading business of HK\$1,514,949,000 and related cost of sales of HK\$1,598,068,000, of which approximately HK\$132,694,000 was contributed from Strong Macao Limited ("Strong Macao"), a wholly-owned subsidiary of the Group. The Group recognised the related purchase costs of approximately HK\$131,872,000 as cost of sales in the consolidated financial statements.

As further disclosed in Note 1.1(A), the Current Management was unable to gain access of Strong Macao's office until February 2025 and discovered that the sales and purchases contracts and related supporting documents including invoices and bills of lading were lost after regaining access although the Current Management managed to recover financial information using the backups of the accounting ledger and documents such as bank statements obtained from banks, copies of cheque payments. Because of this, the underlying original supporting documents ascertaining the occurrence of the sales transactions and purchase transactions for the year ended 31 December 2024 were not available to us.

We have arranged external confirmations to the counterparties of the aforementioned sales and purchase transactions requesting the confirmation of the sales and purchases amounts during the year ended 31 December 2024, and requesting explanation and documents that would facilitate us in ascertaining the occurrence and accuracy. However, we did not receive any reply to the date of this report.

# Independent Auditor's Report

Due to the above limitation, we were unable to obtain sufficient appropriate audit evidence as to whether the receipts of approximately HK\$132,694,000 and the payments of approximately HK\$131,872,000 should have been, either in whole or in part, recognised as transactions other than sales and cost of sales respectively in the statement of profit or loss and other comprehensive income for the year ended 31 December 2024. Consequently, we were unable to determine whether any adjustment to these amounts and disclosures was necessary.

## **(c) Scope limitation on certain bank balances and disclosures**

During our audit of the consolidated financial statements for the year ended 31 December 2024, we were unable to arrange external confirmations for two banks. The Current Board explained that it was due to the company seal used to authorise the confirmation request did not match with the bank's record, or that the signature of a former director, that is required to authorise the confirmation request could no longer be obtained. In addition, as explained by the Current BoD, there were no bank facilities, guarantees and pledged assets attached to these bank accounts.

However, there was no alternative audit procedures that we could perform to satisfy ourselves as to the completeness and accuracy in respect of the information relating to the Group's bank facilities, pledged assets and guarantee issued in favour of the banks, if any, as at 31 December 2024, we were unable to determine whether the above-mentioned financial statement items have been properly accounted for and/or disclosed in the consolidated financial statements for the year ended 31 December 2024. Any adjustments to the balances and disclosures relating to the above-mentioned financial statement items that might have been found necessary may have a consequential impact on the Group's financial position as at 31 December 2024 and the Group's financial performance for the year ended 31 December 2024 and the related disclosures in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

# Independent Auditor's Report

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the "Basis for Qualified Opinion" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Key audit matter

### How our audit addressed the key audit matter

#### Impairment assessment of oil properties

Refer to accounting policy on impairment of non-financial assets in Note 3i and critical accounting estimates in Note 4b, and as set out in Note 14, as at 31 December 2024, the carrying value of the Group's oil properties amounted to HK\$100,095,000.

Management assessed the oil properties for impairment (or impairment reversal) whenever events or changes in circumstances indicated that the carrying amount of the assets was larger (or smaller) than the recoverable amount. When indicators of impairment (or impairment reversal) were identified, management assessed the recoverable amount of oil properties of the cash generating units ("CGU") based on their value in use as estimated using discounted cash flow models. In performing such assessments, management adopted key assumptions, including:

- forecast crude oil prices;
- forecast production volumes;
- forecast operating costs and capital expenditure; and
- discount rates.

We focused on auditing the impairment review of the oil properties because the estimation of the recoverable amount is subject to a high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of the oil properties is considered significant due to significant management judgement and assumptions involved in estimating the recoverability of the carrying amount.

Given the significant balance of oil properties as at December 31, 2024, together with the considerations mentioned above, we identified this matter as a key audit matter.

Our procedures in relation to management's impairment assessment of oil properties included:

- Obtaining an understanding of assessment process relating to the identification of the indicators of impairment, determination of cash generating units and the assessment of the recoverable amount;
- Evaluating the competence, capability and objectivity of the management's experts, including the external reserve expert;
- Reviewing the valuation reports prepared by the management's experts and understanding the valuation basis, methodology used and underlying assumptions applied;
- Challenging the reasonableness of management's key assumptions adopted in valuation, including discount rate by comparing with the historical actual costs and available market data with the assistance of our internal valuation specialists;
- Testing the mathematical accuracy of the discounted cash flow projections; and
- Considering whether the judgements made in selecting the significant assumptions and data would give rise to indicators of possible management bias.

# Independent Auditor's Report

## Key audit matter

## How our audit addressed the key audit matter

### Impairment assessment of Fujian Petrochemical's manufacturing plant ("Fujian Plant")

Refer to accounting policy on impairment of non-financial assets in Note 3i, critical accounting estimates in Note 4b and disclosure of property, plant and equipment, intangible assets and right-of-use assets in Notes 14, 18 and 27 to the consolidated financial statements, respectively.

As at 31 December 2024, the carrying values (before impairment loss provided during the year) of the Group's construction in progress, leasehold land and pollution discharge rights relating to the Fujian Plant amounted to approximately HK\$491,051,000, approximately HK\$43,593,000, and approximately HK\$719,000 respectively (the "Manufacturing Plant Related Assets").

During the year, the completion of the Fujian Plant was estimated to be deferred to the end of the second quarter of 2025 due to delays in obtaining the final approval for the fire protection systems of the Fujian Plant from the local authority. Accordingly, the management of the Group considered the delay in construction is an indicator of impairment and performed an impairment assessment accordingly.

Management assessed the recoverable amount of Manufacturing Plant Related Assets of the CGU based on their value in use. In performing such assessments, management adopted key assumptions, including utilisation rates, terminal growth rate, and pre-tax discount rate.

We focused on auditing the impairment review of the Manufacturing Plant Related Assets because the estimation of the recoverable amount is subject to a high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of the Manufacturing Plant Related Assets is considered significant due to significant management judgement and assumptions involved in estimating the recoverability of the carrying amount.

Given the significant balance of Manufacturing Plant Related Assets as at December 31, 2024, together with the considerations mentioned above, we identified this matter as a key audit matter.

Our procedures in relation to management's impairment assessment of Manufacturing Plant Related Assets included:

- Obtaining an understanding of assessment process relating to the identification of the indicators of impairment, determination of cash generating units and the assessment of the recoverable amount;
- Evaluating the competence, capability and objectivity of the management's experts;
- Reviewing the valuation reports prepared by the management's experts and understanding the valuation basis, methodology used and underlying assumptions applied;
- Challenging the reasonableness of management's key assumptions adopted in valuation, including discount rate by comparing with the historical actual costs and available market data with the assistance of our internal valuation specialists;
- Testing the mathematical accuracy of the discounted cash flow projections; and
- Considering whether the judgements made in selecting the significant assumptions and data would give rise to indicators of possible management bias.

# Independent Auditor's Report

## OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

# Independent Auditor's Report

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

# Independent Auditor's Report

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **BDO Limited**

*Certified Public Accountants*

Yau Shuk Yuen Amy

Practising Certificate no. P06095

Hong Kong, 12 June 2026

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Revenue	5		
Goods and services		1,589,535	1,251,493
Leases		8,533	14,883
		<b>1,598,068</b>	1,266,376
Cost of sales		<b>(1,573,928)</b>	(1,224,738)
Gross profit		<b>24,140</b>	41,638
Other income	7	<b>15,288</b>	25,859
Other gains and losses	7	<b>(11,287)</b>	(5,065)
Impairment loss on property, plant and equipment		<b>(158,376)</b>	–
Impairment loss on right-of-use assets		<b>(18,724)</b>	–
Impairment loss on intangible assets		<b>(89)</b>	–
Impairment loss on interest in an associate		<b>(44,976)</b>	–
Impairment loss under expected credit loss model		<b>(13,754)</b>	–
Loss on financial assets at fair value through profit or loss, net	21	<b>(1,457)</b>	(102,189)
(Loss)/gain on changes in fair value of derivative financial instruments, net		<b>(1,005)</b>	17,636
Distribution, selling and operating expenses		–	(1,465)
Administrative expenses		<b>(86,965)</b>	(69,319)
Other expenses		<b>(30,977)</b>	–
Finance costs	8	<b>(2,533)</b>	(1,025)
Share of results of associates	17	<b>4,517</b>	4,965
Loss before taxation	10	<b>(326,198)</b>	(88,965)
Income tax expense	9	<b>(4,085)</b>	(7,274)
Loss for the year		<b>(330,283)</b>	(96,239)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<b>(10,661)</b>	(2,507)
Other comprehensive expense for the year		<b>(10,661)</b>	(2,507)
Total comprehensive expense for the year		<b>(340,944)</b>	(98,746)

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Loss for the year attributable to:			
Owners of the Company		<b>(327,547)</b>	(95,407)
Non-controlling interests		<b>(2,736)</b>	(832)
		<b>(330,283)</b>	(96,239)
Total comprehensive expense for the year attributable to:			
Owners of the Company		<b>(338,208)</b>	(97,914)
Non-controlling interests		<b>(2,736)</b>	(832)
		<b>(340,944)</b>	(98,746)
Loss per share	13		
— basic (HK cents)		<b>(15.43)</b>	(4.49)
— diluted (HK cents)		<b>(15.43)</b>	(4.49)

# Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	14	651,332	440,619
Investment properties	15	–	156,058
Right-of-use assets	27	40,759	61,728
Other assets	16	667	667
Other receivables and deposits	20	1,236	205
Intangible assets	18	630	–
Interests in associates	17	33,299	75,459
Financial asset at fair value through profit or loss	21	–	50,441
Deferred tax assets	30	38,242	–
		<b>766,165</b>	<b>785,177</b>
<b>Current assets</b>			
Inventories	19	108,520	9,391
Trade receivables	20	14,094	196,706
Other receivables, deposits and prepayments	20	38,688	21,345
Income tax recoverables		1,102	–
Derivative financial instruments	28	3,892	12,276
Financial assets at fair value through profit or loss	21	130	272
Deposits placed with brokers	22	155,448	106,239
Pledged bank deposits and restricted bank deposits	23	103,166	25
Bank balances and cash	24	878,551	456,586
		<b>1,303,591</b>	<b>802,840</b>
<b>Current liabilities</b>			
Trade payables	25	–	2,947
Other payables and accrued charges	25	739,471	110,752
Provision	25	19,599	–
Contract liabilities	26	9,672	1,798
Lease liabilities	27	886	1,443
Bank and other borrowings	29	13,175	–
Income tax payables		9	672
Derivative financial instruments	28	3,844	12,879
		<b>786,656</b>	<b>130,491</b>
<b>Net current assets</b>		<b>516,935</b>	<b>672,349</b>
<b>Total assets less current liabilities</b>		<b>1,283,100</b>	<b>1,457,526</b>

# Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Non-current liabilities			
Lease liabilities	27	1,171	251
Bank and other borrowings	29	322,451	159,892
Provision	25	3,039	–
		<b>326,661</b>	160,143
Net assets		<b>956,439</b>	1,297,383
Capital and reserves			
Share capital	31	53,084	53,084
Reserves		907,289	1,245,497
Equity attributable to owners of the Company		<b>960,373</b>	1,298,581
Non-controlling interests		<b>(3,934)</b>	(1,198)
Total equity		<b>956,439</b>	1,297,383

The consolidated financial statements on pages 106 to 192 were approved and authorised for issue by the Board of Directors on 12 June 2026 and are signed on its behalf by:

**Wang Pang Paul**  
DIRECTOR

**Cao Xinzong**  
DIRECTOR

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company										Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (note (i))	Statutory reserve HK\$'000 (note (ii))	Share-based payments reserve HK\$'000	Translation reserve HK\$'000	Other reserve HK\$'000 (note (iii))	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	
At 1 January 2023	53,084	566,111	(1,922)	4,708	50,391	(26,828)	12,295	738,656	1,396,495	(366)	1,396,129
Loss for the year	-	-	-	-	-	-	-	(95,407)	(95,407)	(832)	(96,239)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(2,507)	-	-	(2,507)	-	(2,507)
Total comprehensive expense for the year	-	-	-	-	-	(2,507)	-	(95,407)	(97,914)	(832)	(98,746)
Reclassification of special reserve to retained profits upon disposal of a subsidiary	-	-	(78)	-	-	-	-	78	-	-	-
Appropriation to statutory reserves	-	-	-	1,658	-	-	-	(1,658)	-	-	-
	-	-	(78)	1,658	-	-	-	(1,580)	-	-	-
At 31 December 2023	53,084	566,111	(2,000)	6,366	50,391	(29,335)	12,295	641,669	1,298,581	(1,198)	1,297,383
Loss for the year	-	-	-	-	-	-	-	(327,547)	(327,547)	(2,736)	(330,283)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(10,661)	-	-	(10,661)	-	(10,661)
Total comprehensive expense for the year	-	-	-	-	-	(10,661)	-	(327,547)	(338,208)	(2,736)	(340,944)
Appropriation to statutory reserves	-	-	-	740	-	-	-	(740)	-	-	-
	-	-	-	740	-	-	-	(740)	-	-	-
At 31 December 2024	53,084	566,111	(2,000)	7,106	50,391	(39,996)	12,295	313,382	960,373	(3,934)	956,439

notes:

- (i) The special reserve represents the difference between the nominal value of shares of the acquired subsidiaries and the nominal value of the shares of Strong Petrochemical Holdings Limited (the "Company") issued for the acquisition at the time of the corporate reorganisation to rationalise the structure of the Company and its subsidiaries (collectively referred to as the "Group") prior to the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "HKEx").

During the year ended 31 December 2023, a subsidiary was disposed of and the relevant special reserve has been reclassified to retained profits.

- (ii) The People's Republic of China (the "PRC") laws and regulations require companies registered in the PRC to provide for certain statutory reserves, which are to be appropriated from the profit after income tax (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holders. All statutory reserves are created for specific purposes. A PRC company is required to appropriate an amount of not less than 10% of statutory profits after income tax to statutory surplus reserves, prior to distribution of its post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory reserve is more than 50% of its registered capital. The statutory reserves shall only be used to make up losses of the company, to expand the company's operations, or to increase the capital of the company. In addition, a company may make further contribution to the discretionary reserve using its post-tax profits in accordance with resolutions of the board of directors.
- (iii) Other reserve was resulted from (a) the deemed disposal of partial interests in subsidiaries without losing the Group's control over the subsidiaries, and (b) 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 in previous years.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
<b>OPERATING ACTIVITIES</b>			
Loss before taxation		<b>(326,198)</b>	(88,965)
Adjustments for:			
Bank interest income	7	<b>(7,161)</b>	(6,953)
Interest income from trade receivables	7	–	(10,526)
Interest income from deposits placed with brokers	7	<b>(534)</b>	(1,547)
Finance costs	8	<b>2,533</b>	1,025
Depreciation of property, plant and equipment	10	<b>37,275</b>	6,946
Depreciation of investment properties	10	<b>4,949</b>	9,926
Depreciation of right-of-use assets	10	<b>3,547</b>	4,229
Amortisation of intangible assets	10	<b>52</b>	–
Amortisation of other assets	10	–	25
Gain on disposal of a subsidiary	32	–	(50)
Losses/(gains) on disposal of property, plant and equipment	7	<b>954</b>	(37)
Loss on financial assets at fair value through profit or loss, net		<b>1,457</b>	102,189
Provision for write down of inventories	10	<b>6,018</b>	–
Written-off of rent receivable	7	<b>140</b>	–
Gain on termination of a lease	7	<b>(40)</b>	–
Impairment loss on property, plant and equipment		<b>158,376</b>	–
Impairment loss on right-of-use assets		<b>18,724</b>	–
Impairment loss on intangible assets		<b>89</b>	–
Impairment loss on interest in an associate		<b>44,976</b>	–
Impairment loss on other receivables		<b>13,754</b>	–
Share of results of associates	17	<b>(4,517)</b>	(4,965)
Operating cash flows before movements in working capital		<b>(45,606)</b>	11,297
Changes in working capital:			
Inventories		<b>(96,239)</b>	25,426
Trade receivables		<b>195,996</b>	162,491
Other receivables, deposits and prepayments		<b>(22,543)</b>	1,412
Restricted bank deposits		<b>(82,473)</b>	–
Trade payables		<b>(2,928)</b>	(35,778)
Other payables and accrued charges		<b>607,642</b>	4,840
Provision		<b>3,912</b>	–
Contract liabilities		<b>8,032</b>	(251)
Derivative financial instruments		<b>(651)</b>	702
Cash generated from operations		<b>565,142</b>	170,139
Bank charges		<b>(340)</b>	(771)
Income tax paid, net		<b>(6,130)</b>	(6,771)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>558,672</b>	162,597

# Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
<b>INVESTING ACTIVITIES</b>			
(Increase)/decrease in deposits placed with brokers		(49,209)	16,981
Proceed from disposal of property, plant and equipment		49	51
Proceed from disposal of financial assets at fair value through profit or loss		49,009	–
Payments for acquisition of property, plant and equipment		(187,450)	(203,583)
Payments for acquisition of intangible assets		(791)	–
Withdrawal of pledged bank deposits		25	26,573
Placement of restricted bank deposits		(4,499)	–
Interest received		7,695	8,500
Net cash inflow from disposal of a subsidiary	32	–	1,150
Net cash outflow from acquisition of subsidiaries	33	(46,418)	–
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(231,589)</b>	<b>(150,328)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from bank and other borrowings	43	168,572	159,921
Repayments of bank and other borrowings	43	(55,775)	–
Repayments of lease liabilities	43	(2,122)	(2,861)
Interest paid	43	(12,268)	(2,558)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>		<b>98,407</b>	<b>154,502</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>425,490</b>	<b>166,771</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>456,586</b>	<b>287,962</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		<b>(3,525)</b>	<b>1,853</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTING BANK BALANCES AND CASH</b>		<b>878,551</b>	<b>456,586</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 1. BASIS OF PREPARATION

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Act, 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 HKEx 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 “BVI”). Mr. Wang Jian Sheng, the non-executive director of the Company who was redesignated from the position of executive director of the Company effective from 25 January 2025, and Mr. Yao Guoliang, a former executive director of the Company being removed on 25 January 2025, each holds 50% equity interest in Forever Winner. On 8 December 2025, Forever Winner was wound up pursuant to an order granted by the Eastern Caribbean Supreme Court in the High Court of Justice in the BVI and joint liquidators were appointed to Forever Winner under the provisions of the Insolvency Act 2003 (Revised 2020). The Company’s addresses of the registered office and principal place of business are disclosed in the section of “Corporate Information” in the Company’s annual report.

The Company acts as an investment holding company. The principal activities of the Company’s subsidiaries are mainly trading of commodities, including crude oil, petroleum products, petrochemicals and coal, provision of petroleum products and petrochemicals storage services and exploration, exploitation and operation of crude oil. Details of the principal subsidiaries of the Company are set out in Note 45.

The principal operations of the Group are conducted in Hong Kong Special Administrative Region of the PRC (“Hong Kong”), Macao Special Administrative Region of the PRC (“Macao”), the PRC (other than Hong Kong, Macao and Taiwan) and Singapore.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the “HKFRS Accounting Standards”) and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the HKEx (the “Listing Rules”).

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair values as explained in the accounting policies set out in Note 3.

The functional currency of the Company is United States dollar (“US\$”). The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), unless otherwise stated.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 1. BASIS OF PREPARATION (CONTINUED)

### 1.1(A) Investigation

Between 2 October 2024 and 21 February 2025, the Company made numerous announcements in relation to various incidents involving the current/former directors and/or management of the Company and its subsidiaries, including various allegations raised by (i) Mr. Yao Guoliang, the former chief executive officer and a former executive director (“ED”) of the Company, and certain other former directors of the Company; and (ii) Mr. Wang Jian Sheng, a former ED and the Chairman of the Board and a non-executive director of the Company.

Those incidents include allegations such as misappropriation of the Group’s assets through unauthorised reimbursements and double-claim of expenses, and potential misconduct in the investment in fund.

At an extraordinary general meeting (the “EGM”) of the Company was held on 25 January 2025, certain directors forming the then board of directors of the Company (the “Former Board”) were removed. On the same date, the capacity of the remaining director was redesignated and there were appointments of new directors to the board (the “Current Board”). Details of the removal, redesignation and appointment of directors are set out in the “Directors” section of the directors’ report of the Group dated 12 June 2026.

On 14 February 2025, the Company announced that following the EGM of the Company held on 25 January 2025, representatives of the Company and/or the new management (the “Current Management”) entered the Company’s former Hong Kong head office at 28/F, Overseas Trust Bank Building, 160 Gloucester Road, Wan Chai, Hong Kong (the “Original Office”), which had been occupied by the former management of the Company prior to the EGM. The New Management preliminarily discovered that items, including certain accounting records, computer hardware and records, company chops and bank tokens, belonging to the Group that should be in the Original Office were missing. With effect on the same date, the address of head office and principal place of business in Hong Kong of the Company has been changed to 8/F, Tower 2, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.

In view of the above, the Current Board of the Company established an independent board committee (the “IBC”) comprising all the independent non-executive Directors to investigate the allegations during the period managed by the former management and the Former Board with the aim at finding the facts relevant to the allegations and concluding whether the allegations can be substantiated (collectively the “Investigation”). The IBC appointed an external forensic team from an independent accounting firm as the investigator (the “Forensic Investigator”) and a legal adviser to assist the IBC in the Investigation.

In addition to the above, in February 2025, the Current Management attempted to access the books and records of Strong Macao Limited (“Strong Macao”), a wholly-owned subsidiary of the Company, which were located in Macao and discovered the office access was denied. The principal activities of Strong Macao are disclosed in Note 45.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 1. BASIS OF PREPARATION (CONTINUED)

### 1.1(A) Investigation *(continued)*

#### **The Current Board's and IBC's view on the Investigation Report and the impact arising from the inaccessibility of books and records of Strong Macao**

On 13 May 2026, a report on the Investigation (the "Investigation Report") was received from the Forensic Investigator reporting the key findings of the Investigation.

During the course of the preparation of the consolidated financial statements of the Company for the year ended 31 December 2024, the Current Board has reviewed the findings of the Investigation, and has considered the relevant information and supporting evidence available. The Current Board is of the view that the Investigation has comprehensively investigated into the matters raised by the IBC and adequately addressed the concerns raised by the IBC to the extent that is practicable.

The IBC is of the view that, based on its review of the findings of the Investigation, the incidents giving rise to the allegations have no material financial and operational impact on the Company and the Group, because those allegations were either: (a) not substantiated, (b) substantiated but the transactions that were being purported were not executed, or (c) substantiated but the impact is not material either financially or operationally, and therefore there is no material impact to the consolidated financial statements of the Group for the year ended 31 December 2024.

In respect of the missing items in the Original Office, it is concluded that there is no material financial impact arisen as there is no missing cash and the cost of replacement of lost assets is relatively insignificant. The Current Management managed to recover financial information using the backups of the accounting ledger and documents such as bank statements obtained from banks, copies of cheque payments, etc.

Regarding the inaccessibility of the books and records of Strong Macao, the Current Management gained the access to Strong Macao's office subsequently in February 2025, it was discovered the sales and purchase contracts and related supporting documents such as invoices and shipping documents including bills of lading of all sales and purchase transactions were lost and the relevant sales and cost of sales recognised in profit or loss amounted to HK\$132,694,000 and HK\$131,872,000 respectively for the year ended 31 December 2024. The Current Management obtained copies of sales and purchases contracts from the supplier and the customer to verify the transactions.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 1. BASIS OF PREPARATION (CONTINUED)

### 1.1(B). Transactions Related to the Trading of Crude Oil Entered into by Strong Petrochemical Limited (“Strong HK”) with Certain Third Parties (“Crude Oil Trading Transactions”)

During the course of the preparation of the consolidated financial statements of the Company for the year ended 31 December 2024, the Current Board revisited and considered that the following Crude Oil Trading Transactions authorised by Mr. Yao and carried out by former employees under Mr. Yao’s direction on behalf of Strong HK did not have a genuine business purpose.

#### I. Background and Principal Contracts and Terms of the Crude Oil Trading Transactions

In September 2024, Strong HK, an indirect wholly-owned subsidiary of the Company, entered into a number of contracts with certain third parties as summarised below:

- Strong HK entered into sales contracts and supplemental contracts (collectively “Sales Contracts”) with a customer (the “Customer”), who is a PRC incorporated company, to sell and arrange shipment of crude oil at a consideration of approximately RMB578,049,000 in US Dollars (“USD”) which is based on a commonly adopted pricing index in the crude oil trading business. Shipment was designated by the Customer in the designated port (“Designated Port”) according to the Sales Contracts.
- Strong HK entered into purchase contracts and supplemental contracts (collectively “Purchases Contracts”) with a supplier (the “Supplier”) to buy same quantities and type of crude oil, which match with those in the Sales Contracts entered into with the Customer, at a cost below the selling price. Shipment was nominated by Strong HK to the Supplier and the destination is the Designated Port.

#### II. Execution of the Sales Contracts and Purchase Contracts of the Crude Oil Trading Transactions

Between September 2024 to December 2024, the execution of the Sales Contracts and the Purchase Contracts are summarised below:

- Strong HK received approximately US\$500,000 (approximately HK\$3,900,000) from the Supplier;
- Strong HK transferred approximately US\$500,000 (approximately HK\$3,900,000) to a disponent vessel owner;
- Strong HK transferred approximately HK\$9,854,000 to the Customer for other charges;
- The Customer opened 3 irrevocable letters of credit in favour of Strong HK in the sum of approximately RMB757,953,000 (approximately HK\$818,488,000) issued by 3 banks (collectively, “L/Cs No 1-3”) for payments in respect of the goods to be delivered under Sales Contracts;
- 3 sets of bills of lading were signed and issued by the master of the disponent vessel owner to the effect crude oil were loaded onto the vessel at the Designated Port on the same date; and

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 1. BASIS OF PREPARATION (CONTINUED)

### 1.1(B). Transactions Related to the Trading of Crude Oil Entered into by Strong Petrochemical Limited (“Strong HK”) with Certain Third Parties (“Crude Oil Trading Transactions”) (continued)

#### II. Execution of the Sales Contracts and Purchase Contracts of the Crude Oil Trading Transactions (continued)

- Filing of a provision invoice of approximately RMB380,188,000 and RMB198,933,000 respectively (approximately HK\$410,552,000 and HK\$214,821,000 respectively), certificate of quality, certificate of origin and copy of bill of lading to apply for two banks to discount two letters of credit by Strong HK and signed by a former director. Strong HK received a net amount of approximately RMB379,116,000 and RMB198,933,000 respectively (approximately HK\$409,395,000 and HK\$214,821,000 respectively, totally approximately HK\$624,216,000) after discounting two letters of credit.

#### III. Outstanding and Unfulfilled Contractual Terms of the Crude Oil Trading Transactions

Apart from the matters outlined above, there was no further execution of the contracts:

- one of the letters of credit of approximately RMB178,318,000 (approximately HK\$192,560,000) was neither negotiated nor discounted;
- Strong HK did not request for the payments under the Sales Contracts, and no payments was requested or demanded to the Customer; and
- Strong HK did not make any payment under the Purchase Contracts to the Supplier, and no payment was requested or demanded by the Supplier.

#### IV. Contract Refunded to the Customer in respect of the Crude Oil Trading Transactions

Between December 2024 to January 2025, certain resolutions were passed during Strong HK’s board meetings in the absence of knowledge and approval of the full board of directors:

- 3 loan agreements of RMB507,000,000, US\$10,000,000 and US\$4,000,000 (“Loan 1”, “Loan 2” and “Loan 3” respectively and collectively “Loans”) were entered with Strong Petroleum Singapore Private Limited (“Strong Singapore”), another wholly-owned subsidiary of the Group. The Loans were executed by a former director on behalf of Strong HK.
- Strong HK instructed Strong Singapore to repay the Loans of RMB507,000,000, US\$10,000,000 and US\$4,000,000 (approximately HK\$656,811,000) respectively to the Customer “to offset the contract refund” of the Sales Contracts.

Between January 2025 to March 2025, Strong Singapore made a total transfer (the “Refunds”) to the Customer amounted to RMB504,871,000 and US\$14,000,000, totally approximately HK\$650,624,000.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 1. BASIS OF PREPARATION (CONTINUED)

### 1.1(B). Transactions Related to the Trading of Crude Oil Entered into by Strong Petrochemical Limited (“Strong HK”) with Certain Third Parties (“Crude Oil Trading Transactions”) (continued)

#### V. Findings of the Current Management

During the preparation of the Group’s consolidated financial statements for the year ended 31 December 2024, the Current Management has the following findings:

- (a) The Current Management believes the submission of the documents to discount two letters of credit were procured by two ex-directors of Strong HK without the knowledge and approval of the two remaining board of directors of Strong HK.
- (b) In Strong HK’s record, the Certificate of Quality certified that the oil was product of originated from Designated Port. However, according to international oil tanker voyage tracker public information that the vessel was not in the Designated Port on the transaction period, or the period immediately before or thereafter. Hence, in the view of the Current Management, the Certificate of Quality and Certificate of Origin were perceivably forged and/or manipulated by two ex-directors and/or their agents.
- (c) Payments of HK\$9,854,000 to the Customer for other charges approved by two ex-directors (and/or their agents) without the knowledge or approval of the board of directors of Strong HK. Such payments were also made without any valid basis, as the Current Management discovered that actual course of voyage of the Vessel was not consistent with the shipping documents of the Crude Oil Trading Transaction in the transaction period.

#### VI. Financial impact of The Transactions

Based on the findings outlined above, the Current Management is unable to verify whether the Sale and Purchase Contracts were duly executed and whether the Crude Oil Trading Transactions were actually performed. Furthermore, the Current Management believes that the receipts and payments as mentioned in Note 1.1B(II) did not represent the proceeds from crude oil transfers and related charges respectively.

As at 31 December 2024, payments of HK\$13,754,000 (including HK\$9,854,000 to the Customer and HK\$3,900,000 to the disponent vessel owner, as mentioned in Note 1.1B(II) above) were recognised as “other receivables” in Note 20B in the Group’s consolidated financial statements as at year ended 31 December 2024. Although the Company has continuously contact with the Customer and the disponent vessel owner, the Company has not received any information from the Customer and the disponent vessel owner up to date of authorisation for issue of these consolidated financial statements. After taking into account that it is unable to substantiate the Transaction is carried out, a corresponding “impairment loss on other receivables” has been made for the year ended 31 December 2024.

As at 31 December 2024, receipts of HK\$628,116,000 (including HK\$624,216,000 from the Customer and HK\$3,900,000 from the Supplier, as mentioned in Note 1.1B(II) above) were recognised as “other payables” in Note 25B in the Group’s consolidated financial statements as at year ended 31 December 2024 as the Current Management cannot substantiate the nature of the receipts.

As mentioned in Note 1.1(B)(IV) above, HK\$650,624,000 refunded to the Customer made in 2025 were offsetted against the “other payables” in 2025 with a net receivable balances of HK\$22,508,000 from the Customer as of the date of this report in “other receivables” and a corresponding “expected credit loss” has been charged to the profit and loss for the year ended 31 December 2025.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 2. ADOPTION OF HKFRS ACCOUNTING STANDARDS

### (a) Adoption of new or amended HKFRS Accounting Standards

The Hong Kong Institute of Certified Public Accountants (the “HKICPA”) has issued a number of amended HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS Accounting Standards	Disclosures about Uncertainties in the Financial Statements

The amended standards listed above did not have material impact on the Group’s consolidated financial statements. The Group has not early applied any new or amended standards that are not yet effective for the current accounting period.

### (b) New or amended HKFRS Accounting Standards that have been issued but are not yet effective

The following new or amended HKFRS Accounting Standards, potentially relevant to the Group’s consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 7 and HKFRS 9	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS 7 and HKFRS 9	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability <sup>1</sup>
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>3</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (CONTINUED)

### (b) New or amended HKFRS Accounting Standards that have been issued but are not yet effective (continued)

The directors of the Company anticipate that the application of all new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future, except as discussed below.

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which was issued by the HKICPA in July 2024 supersedes HKAS 1 *Presentation of Financial Statements* and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8 *Basis of Preparation of Financial Statements* (renamed from *Accounting Policies, Changes in Accounting Estimates and Errors*). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

## 3. MATERIAL ACCOUNTING POLICIES

### (a) Property, plant and equipment

Property, plant and equipment, including oil properties, are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

The cost of oil properties is amortised at the field level based on the unit of production method. Unit of production rates are based on oil proved and probable developed producing reserves estimated to be recoverable from existing facilities based on the current terms of the respective production agreements. The Group's reserves estimates represent crude oil which the management of the Group believes can be reasonably produced within the current terms of the production agreements.

Other property, plant and equipment are depreciated so as to write off their cost, net of expected residual value, over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives of property, plant and equipment are set out in Note 14.

Construction in progress is stated at cost less impairment losses, if any. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate classes of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (b) Investment properties

Investment properties are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is calculated to write-off the cost of investment properties, less their residual values, if any, using straight-line method over their estimated useful lives of 20 years. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

### (c) Leases

#### The Group as a lessee

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of less than twelve months and do not contain a purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

#### *Right-of-use asset*

The right-of-use asset is initially recognised at cost and would comprise:

- (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);
- (ii) any lease payments made at or before the commencement date, less any lease incentives received;
- (iii) any initial direct costs incurred by the lessee; and
- (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease terms.

The Group presents the right-of-use assets as a separate line item on the consolidated statement of financial position.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (d) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated to write-off the cost of intangible assets, less their residual values, if any, using straight-line method over their estimated useful lives. The pollution discharge rights have an useful life of five years. The useful lives, residual value and amortisation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

### (e) Financial instruments

#### (i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. Trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

#### *Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item in the consolidated statement of profit or loss and other comprehensive income.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (e) Financial instruments *(continued)*

#### (ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses (“ECLs”) on trade receivables and financial assets measured at amortised cost. ECLs are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the twelve months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

The Group measured loss allowances for trade receivables using HKFRS 9 *Financial Instruments* simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, ECLs are based on lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition and debt investment securities that are determined to have low credit risk at the reporting date, in which case the allowance will be based on the 12-month ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or the financial asset is more than 90 days past due.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (e) Financial instruments *(continued)*

#### (ii) Impairment loss on financial assets *(continued)*

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group considers a financial asset to be credit-impaired when there is:

- a significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- probability that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

#### (iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

##### *Financial liabilities at FVTPL*

Financial liabilities at FVTPL include financial liabilities held for trading (i.e. derivatives which are not designated as effective hedging instruments) and financial liabilities designated upon initial recognition as at FVTPL. Gains or losses on liabilities are recognised in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (e) Financial instruments *(continued)*

#### (iii) Financial liabilities *(continued)*

##### *Financial liabilities at amortised cost*

Financial liabilities at amortised cost including trade payables, and other payables and accrued charges, lease liabilities and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Borrowing costs are capitalised, net of interest received on cash drawn down yet to be expended when they are directly attributable to the acquisition, contribution or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

#### (iv) Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised immediately in profit or loss.

### (f) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value-added taxes or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (g) Joint arrangements

The Group applies HKFRS 11 *Joint Arrangements* to all joint arrangements. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Company has assessed the nature of its joint arrangements and determined them to be joint operations.

### (a) Joint operations

The Group's development and production activities in the PRC are conducted, through a subsidiary, jointly with others through production sharing contracts (the "PSC"). These PSC establish joint control over the development and production activities. The assets are not owned by a separate legal entity but are controlled by individual participants in the PSC. Each participant is entitled to a predetermined share of the related output and bears an agreed share of the costs.

The consolidated financial statements reflect:

- the Group's share of any assets used in the joint operations;
- any liabilities that the Group incurred;
- the Group's share of any liabilities incurred jointly with the other PSC partner in relation to the joint production;
- any income from the sale or use of the Group's share of the output of the production, together with its share of any expenses incurred in the production; and
- any expense that the Group has incurred in respect of its interests in the production.

### (h) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill not deductible for tax purposes and initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits, taxable temporary differences arising on investments in subsidiaries and associates where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (h) Income taxes *(continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

### (i) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- investment properties under cost model;
- interests in associates;
- intangible assets;
- right-of-use assets; and
- other assets.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (j) Provisions

Provisions are recognised, when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Asset retirement obligations (including future decommissioning and restoration) which meet the criteria of provisions are recognised as provisions and the amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements, while a corresponding addition to the related oil properties of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the costs of the oil properties. Interest expense from the asset retirement obligations for each period is recognised with the effective interest method during the useful lives of the related oil properties.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### (a) Critical judgement in applying accounting policies

#### Principal versus agent consideration (principal)

The Group engages in trading of commodities, mainly crude oil, petroleum products, petrochemicals and coal. The directors of the Company concluded that the Group acts as the principal for such transactions as the Group controls the specified goods before the goods are transferred to customers after taking into consideration of indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods, the Group has certain level of inventory risk before transferring the goods to customers and the Group has discretion in establishing the prices for the goods in the form of a premium over the market price of the goods. Before transferring the goods to customers, the Group has ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods by determining the customers and the timing to which the goods will be sold. When the Group satisfies the performance obligation, the Group recognises revenue from trading of commodities in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

For the year ended 31 December 2024, the Group recognised revenue from trading of commodities amounting to approximately HK\$1,514,949,000 (2023: approximately HK\$1,211,601,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### (b) Key sources of estimation uncertainty

#### ECLs impairment

The measurement of impairment losses under HKFRS 9 across all categories of financial assets requires judgement. In particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk in overdue trade receivables and long outstanding other receivables. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Details of the impairment assessment on trade and other receivables are set out in Note 39.

#### Fair value measurement

A number of assets and liabilities included in the Group's consolidated financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible.

Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value:

- Financial assets at FVTPL — unlisted equity investment (Note 21);
- Derivative financial instruments (Note 28); and
- Financial assets at FVTPL — listed securities held for trading (Note 21).

For more detailed information in relation to the fair value measurement of the items above, please refer to the respective notes.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### (b) Key sources of estimation uncertainty *(continued)*

#### Oil reserves

Estimates of oil reserves are important in the Group's investment decision-making process. They are key elements in determining the depreciation and testing for impairment of oil properties. Proved and probable developed producing reserves estimates are subject to revision, either upward or downward, based on new information from development of drilling and production activities or from changes in economic factors, including oil prices, production volume, contract terms, development plans, etc.

The Group's oil properties are depreciated on a unit-of-production basis using the estimated reserves (Note (d) below). A reduction in the estimated reserves will increase depreciation charges of oil properties. Oil reserves are also used in assessing oil properties for impairment (Note (e) below). Proved and probable developed producing reserves are used to estimate future production volumes in the cash flow model for the purpose of assessing the recoverable amounts. A significant reduction in the estimated reserves would be considered as a possible impairment indicator, which may further require an impairment assessment.

#### Depreciation of property, plant and equipment

In addition to the depreciation of oil properties using the unit of production method based on the estimated reserves as disclosed in Note 3(a), the management of the Group determines the estimated useful lives and related depreciation charges for other property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The management of the Group will adjust the estimated useful lives where useful lives vary from previously estimated useful lives.

#### Impairment of property, plant and equipment

Property, plant and equipment, including oil properties, are reviewed for possible impairments when events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of a cash generating unit is determined based on the higher of value-in-use and fair value less cost of disposal, calculations of both require the use of significant assumptions. Determination as to whether and how much an asset is impaired involve management estimates and judgements such as forecasted crude oil prices, forecasted production volumes, forecasted operating costs and capital expenditures and discount rates. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions of forecasted crude oil prices, forecasted production volumes, forecasted operating costs and capital expenditures and discount rates. As at December 31, 2024, the carrying amounts of oil properties are approximately HK\$100,095,000.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### (b) Key sources of estimation uncertainty *(continued)*

#### **Asset retirement obligations**

Provision is recognised for the future decommissioning and restoration of oil properties. The amounts of the provision recognised are the present values of the estimated future expenditures. The ultimate cost of environmental disturbances, asset retirement and similar obligation are uncertain. The management of the Group uses its judgement and experience to provide for these costs over the life of operations. Cost estimates vary in response to many factors including changes to the relevant legal requirements, the Group's related policies, the emergence of new restoration techniques and the effects of inflation.

Cost estimates are updated throughout the life of the operation. The expected timing of expenditure included in cost estimates can also change, for example, in response to changes in reserves, or production volumes or economic conditions. Expenditure may occur before and after closure and can continue for an extended period of time depending on the specific site requirements. Cash flows must be discounted if this has a material effect. The selection of appropriate sources on which to base calculation of the risk-free discount rate used for this purpose also requires judgement. As a result of all of the above factors, there could be significant adjustments to the provision for close down, restoration and clean-up costs which would affect future financial results.

The Group currently operates exploration, exploitation and operation of crude oil business mainly in the PRC. The outcome of environmental and other similar obligations under proposed or future environmental legislation cannot reasonably be estimated at present, which could be material. Under existing legislation, however, the directors of the Company are in their opinion that there are no probable liabilities that are in addition to amounts which have already been reflected in the consolidated financial statements that will have a material adverse effect on the financial position of the Group. As at December 31 2024, the carrying amount of provision for asset retirement obligations is approximately HK\$22,638,000.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 5. REVENUE

### (i) Disaggregation of revenue from contracts with customers

Segments	For the year ended 31 December 2024			
	Trading business HK\$'000	Storage business HK\$'000	Exploration, exploitation and operation of crude oil business HK\$'000	Total HK\$'000
<b>Types of goods or services in respect of contracts with customers</b>				
Trading of commodities				
Crude oil	174,636	–	–	174,636
Petroleum products	163,071	–	–	163,071
Petrochemicals	1,177,242	–	–	1,177,242
	<b>1,514,949</b>	<b>–</b>	<b>–</b>	<b>1,514,949</b>
Storage and other ancillary services for petroleum products and petrochemicals				
General storage services	–	1,795	–	1,795
Other ancillary services	–	3,453	–	3,453
	<b>–</b>	<b>5,248</b>	<b>–</b>	<b>5,248</b>
Exploration, exploitation and operation of crude oil				
Sales of crude oil	–	–	69,338	69,338
	<b>–</b>	<b>–</b>	<b>69,338</b>	<b>69,338</b>
<b>Total</b>	<b>1,514,949</b>	<b>5,248</b>	<b>69,338</b>	<b>1,589,535</b>
<b>Geographical markets</b>				
The PRC	1,382,255	5,248	69,338	1,456,841
Other regions	132,694	–	–	132,694
<b>Total</b>	<b>1,514,949</b>	<b>5,248</b>	<b>69,338</b>	<b>1,589,535</b>
<b>Timing of revenue recognition</b>				
A point in time	1,514,949	–	69,338	1,584,287
Over time	–	5,248	–	5,248
<b>Total</b>	<b>1,514,949</b>	<b>5,248</b>	<b>69,338</b>	<b>1,589,535</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 5. REVENUE (CONTINUED)

### (i) Disaggregation of revenue from contracts with customers (continued)

Segments	For the year ended 31 December 2023		
	Trading business HK\$'000	Storage business HK\$'000	Total HK\$'000
<b>Types of goods or services in respect of contracts with customers</b>			
Trading of commodities			
Petroleum products	47,430	–	47,430
Petrochemicals	723,542	–	723,542
Coal	440,629	–	440,629
	1,211,601	–	1,211,601
Storage and other ancillary services for petroleum products and petrochemicals			
General storage services	–	26,373	26,373
Other ancillary services	–	13,519	13,519
	–	39,892	39,892
<b>Total</b>	<b>1,211,601</b>	<b>39,892</b>	<b>1,251,493</b>
<b>Geographical markets</b>			
The PRC	971,908	39,892	1,011,800
Other regions	239,693	–	239,693
<b>Total</b>	<b>1,211,601</b>	<b>39,892</b>	<b>1,251,493</b>
<b>Timing of revenue recognition</b>			
A point in time	1,211,601	–	1,211,601
Over time	–	39,892	39,892
<b>Total</b>	<b>1,211,601</b>	<b>39,892</b>	<b>1,251,493</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 5. REVENUE (CONTINUED)

### (ii) Performance obligations for contracts with customers

#### Trading of commodities

The Group recognises revenue from the sale of crude oil, petroleum products, petrochemicals and coal in the period that the performance obligations are satisfied which refers to delivery of the goods to the destination specified by the customers. The destination may be the vessel on which the goods is shipped, destination port or the customer's premises. The quantity of crude oil, petroleum products, petrochemicals and coal as specified in each sales contract is separately identifiable and represents a distinct performance obligation to which the transaction price is allocated. Performance obligations are satisfied at a point in time once control of the goods has been transferred to the customers. The customers have obtained control of the goods through their ability to direct the use of and obtain substantially all the benefits from the goods.

The sales price is determined on a provisional basis at the date of sale as the final sales price is subject to final assay after the goods discharged and movements of prevailing spot prices subsequent to the transfer of control of the goods.

The Group has no particular policy on the amounts received prior to the delivery of goods and it is negotiated with customers on contract by contract basis. The advance payments received from customers are recognised as liabilities throughout the period before the control on the goods is transferred to customers.

#### Storage and other ancillary services for petroleum products and petrochemicals

The Group provides general storage and other ancillary services in respect of petroleum products and petrochemicals to customers. Other ancillary services include truck and cargo loading and unloading, port and tunnel usage and cleaning services, etc. The Group charges service fees based on a pre-agreed fixed amount per unit of goods or per month from customers. The revenue is recognised over time as the customers simultaneously receive and consume the benefits in relation to services provided by the Group.

#### Exploration, exploitation and operation of crude oil

The Group recognises revenue arising from the participation in and operation of crude oil production activities under the PSC in accordance with the transfer of control of crude oil to customers. Revenue is recognised at a point in time when the crude oil produced is delivered to the designated collection point or pipeline, and the customer has obtained control of the product through its ability to direct the use of and obtain substantially all of the benefits from the crude oil.

Production volumes are measured and verified at the delivery point, and each unit of crude oil delivered under the PSC represents a distinct performance obligation. The transaction price is determined on a monthly basis in accordance with the contractual terms, with reference to prevailing market prices or agreed formulae.

### (iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The Group has elected to apply the practical expedient under HKFRS 15 *Revenue from Contracts with Customers* for not to disclose the information of remaining performance obligations which are part of a contract that has an original expected duration of one year or less; or from satisfaction of which the Group recognises revenue in the amount, which the Group has the right to invoice, that corresponds directly with the value to the customers of the Group's performance completed to date.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 5. REVENUE (CONTINUED)

### (iv) Leases

	2024 HK\$'000	2023 HK\$'000
For operating leases:		
Lease income that is fixed or depends on a rate	8,533	14,883

### (v) Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

	2024 HK\$'000	2023 HK\$'000
Trading business	1,514,949	1,211,601
Storage business	5,248	39,892
Exploration, exploitation and operation of crude oil business	69,338	–
Revenue from contracts with customers	1,589,535	1,251,493
Leases	8,533	14,883
Total revenue	1,598,068	1,266,376

## 6. SEGMENT INFORMATION

Operating segments and the amounts of each segment item reported in the consolidated financial statements are identified from the financial information provided regularly to the executive directors of the Company for the purposes of allocating resources to and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of business activities. No operating segments have been aggregated to form the reporting segments.

Segment revenue, expenses, and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment, but exclude exceptional items. Segment assets excluding income tax recoverables are managed on a group basis. Segment liabilities excluding income tax payables are managed on a group basis. The Group's operating and reportable segments are therefore as follows:

- (i) Trading business (trading of commodities including crude oil (*note*), petroleum products, petrochemicals and coal;
- (ii) Storage business (provision of general storage and other ancillary services in respect of petroleum products and petrochemicals); and
- (iii) Exploration, exploitation and operation of crude oil business (participation in and operation of crude oil production activities under the PSC).

*note:* The Group did not conduct trades for crude oil for the years ended 31 December 2023 as it adopted a conservative approach on the trading of crude oil commodities in response to the current market condition.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 6. SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results

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

For the year ended 31 December 2024

	Trading business HK\$'000	Storage business HK\$'000	Exploration, exploitation and operation of crude oil business HK\$'000	Eliminations HK\$'000	Total HK\$'000
Revenue from contracts with customers	1,514,949	5,248	69,338	–	1,589,535
Leases	–	8,533	–	–	8,533
Intra-segment sales (note (i))	66,648	–	–	(66,648)	–
Inter-segment other ancillary services (note (ii))	–	35	–	(35)	–
Inter-segment lease (note (ii))	–	91	–	(91)	–
<b>Total revenue</b>	<b>1,581,597</b>	<b>13,907</b>	<b>69,338</b>	<b>(66,774)</b>	<b>1,598,068</b>
<b>Segment results</b>	<b>(48,866)</b>	<b>(63,507)</b>	<b>9,741</b>		<b>(102,632)</b>
Share of results of associates					4,517
Impairment loss on property, plant and equipment					(113,806)
Impairment loss on right-of-use assets					(5,392)
Impairment loss on intangible assets					(89)
Impairment loss on interest in an associate					(44,976)
Impairment loss under expected credit loss model					(13,754)
Loss on financial assets at FVTPL, net					(1,457)
Unallocated finance costs					(1,272)
Unallocated income and gains					9,729
Unallocated expenses and losses (note (iii))					(57,066)
<b>Loss before taxation</b>					<b>(326,198)</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 6. SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results (continued)

For the year ended 31 December 2023

	Trading business HK\$'000	Storage business HK\$'000	Eliminations HK\$'000	Total HK\$'000
Revenue from contracts with customers	1,211,601	39,892	–	1,251,493
Leases	–	14,883	–	14,883
Inter-segment lease (note (ii))	–	172	(172)	–
<b>Total revenue</b>	<b>1,211,601</b>	<b>54,947</b>	<b>(172)</b>	<b>1,266,376</b>
<b>Segment results</b>	<b>6,765</b>	<b>30,756</b>		<b>37,521</b>
Share of results of associates				4,965
Gain on disposal of a subsidiary				50
Loss on financial assets at FVTPL, net				(102,189)
Unallocated finance costs				(270)
Unallocated income and gains				10,365
Unallocated expenses and losses (note (iii))				(39,407)
<b>Loss before taxation</b>				<b>(88,965)</b>

notes:

- (i) Intra-segment sales are agreed terms set out in the sales contracts entered into between group companies.
- (ii) Inter-segment other ancillary services and inter-segment lease were charged at agreed terms set out in the service contracts and the lease contracts entered into between group companies.
- (iii) Unallocated expenses and losses mainly comprised of depreciation of investment properties and administrative costs of the headquarter (2023: exchange loss on capital reduction of a subsidiary in the PRC, depreciation of investment properties and administrative costs of the headquarter).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 6. SEGMENT INFORMATION (CONTINUED)

### Other segment information

Other segment information included in the consolidated statement of profit or loss are as follows:

Amounts included in the measure of segment profit or loss:

#### For the year ended 31 December 2024

	Trading business HK\$'000	Storage business HK\$'000	Exploration, exploitation and operation of crude oil business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Interest income (included in other income)	1,184	41	116	6,354	7,695
Depreciation of property, plant and equipment	(310)	(5,323)	(25,749)	(5,893)	(37,275)
Depreciation of investment properties	–	–	–	(4,949)	(4,949)
Depreciation of right-of-use assets	(896)	(424)	–	(2,227)	(3,547)
Amortisation of intangible assets	–	–	–	(52)	(52)
Loss on changes in fair value of derivative financial instruments, net	(1,005)	–	–	–	(1,005)
Finance costs	(355)	(3)	(903)	(1,272)	(2,533)
Impairment loss on property, plant and equipment	–	(44,570)	–	(113,806)	(158,376)
Impairment loss on right-of-use assets	–	(13,332)	–	(5,392)	(18,724)
Impairment loss on intangible assets	–	–	–	(89)	(89)
Impairment loss on interest in an associate	–	–	–	(44,976)	(44,976)

#### For the year ended 31 December 2023

	Trading business HK\$'000	Storage business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Interest income (included in other income)	13,169	24	5,833	19,026
Depreciation of property, plant and equipment	(404)	(5,266)	(1,276)	(6,946)
Depreciation of investment properties	–	–	(9,926)	(9,926)
Depreciation of right-of-use assets	(885)	(429)	(2,915)	(4,229)
Gain on changes in fair value of derivative financial instruments, net	17,636	–	–	17,636
Finance costs	(752)	(3)	(270)	(1,025)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 6. SEGMENT INFORMATION (CONTINUED)

### Other segment information (continued)

Other segment information included in the consolidated statement of financial position are as follows:

Amounts included in the measure of segment assets:

#### For the year ended 31 December 2024

	Trading business HK\$'000	Storage business HK\$'000	Exploration, exploitation and operation of crude oil business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Additions to non-current assets	1,797	3,064	126,320	140,536	271,717

#### For the year ended 31 December 2023

	Trading business HK\$'000	Storage business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Additions to non-current assets	16	1,337	276,048	277,401

### Geographical information

The Group's operations are currently carried out by the subsidiaries operating in Hong Kong, Macao, the PRC and Singapore.

Information about the Group's revenue from external customers is categorised by (a) the locations of shipment/delivery as designated by the customers, (b) the locations that the customers are instructed to pick up the commodities as determined by the Group, (c) the locations that the general storage and other ancillary services (including revenue from operating leases) in respect of petroleum products and petrochemicals are rendered by the Group and (d) the locations of delivery where crude oil from the Group's production activities is sold. Information about the Group's non-current assets is presented based on by geographical location of assets.

	Revenue from external customers		Non-current assets (note)	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong	–	–	18,286	7,977
The PRC	1,465,374	1,026,683	139,080	141,508
Singapore	66,046	–	2,015	1,136
Malaysia	66,648	–	–	–
Indonesia	–	185,403	–	–
Philippines	–	54,290	–	–
	1,598,068	1,266,376	159,381	150,621

*note:* The non-current assets for the purpose of geographical information excluded deferred tax assets, other assets, rental deposit, intangible assets certain right-of-use assets and property, plant and equipment which mainly consisted of the construction in progress of the petrochemicals manufacturing plant located in Quanzhou City, Fujian Province, the PRC (the "Fujian Plant") (2023: excluded financial assets at FVTPL, investment properties, other assets, rental deposit, certain right-of-use assets and property, plant and equipment which mainly consisted of the construction in progress of the Fujian Plant).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 6. SEGMENT INFORMATION (CONTINUED)

### Information about major customers

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

	2024 HK\$'000	2023 HK\$'000
Customer A	293,499	237,112
Customer B	–	150,320
Customer C	239,032	–
Customer D	174,636	–

## 7. OTHER INCOME AND OTHER GAINS AND LOSSES

### A. Other income

	2024 HK\$'000	2023 HK\$'000
Bank interest income	7,161	6,953
Interest income from deposits placed with brokers	534	1,547
Interest income from trade receivables (Note 20)	–	10,526
Rental income	1,557	1,997
Government grants	1,222	2,535
Service income (note (i))	3,011	1,708
Others (note (ii))	1,803	593
	<b>15,288</b>	<b>25,859</b>

notes:

- (i) The Group entered into agency agreements (the "Agreements") as an agent with various independent third parties (the "Principal"). Based on the Agreements, the Group performed coal transactions with the Principal's counterparties on behalf of the Principal and earned service income.
- (ii) During the year ended 31 December 2024, others mainly comprised crude oil royalty income of approximately HK\$405,000, management fee income of approximately HK\$426,000 and recovered written-off insurance claims of approximately HK\$747,000.

### B. Other gains and losses

	2024 HK\$'000	2023 HK\$'000
(Losses)/gains on disposal of property, plant and equipment	(954)	37
Written-off of rent receivable	(140)	–
Net foreign exchange losses	(11,497)	(6,089)
Gain on disposal of a subsidiary	–	50
Gain on termination of a lease	40	–
Others	1,264	937
	<b>(11,287)</b>	<b>(5,065)</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 8. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Bank charges on letter of credit facilities	340	771
Interest on bank and other borrowings	12,491	2,673
Interest on lease liabilities	175	85
Less: capitalised finance costs (note)	<b>(10,473)</b>	(2,504)
	<b>2,533</b>	1,025

note: Specific borrowing costs of approximately HK\$10,473,000 (2023: approximately HK\$2,504,000) that were directly attributable to the construction of the Fujian Plant, which was regarded as the qualifying asset, were capitalised.

## 9. INCOME TAX EXPENSE

Income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2024 HK\$'000	2023 HK\$'000
Current tax		
Enterprise Income Tax ("EIT") in the PRC (note (i))	1,004	6,939
Singapore Corporate Income Tax (note (ii))	–	39
	<b>1,004</b>	6,978
Deferred tax		
Origination of temporary differences (Note 30)	1,495	–
Under-provision of taxation in prior year		
EIT in the PRC (note (i))	1,522	–
Singapore Corporate Income Tax (note (ii))	64	296
	<b>1,586</b>	296
	<b>4,085</b>	7,274

notes:

- (i) Under the Law of the PRC on EIT (the "EIT Law") and Implementation Rules of the EIT Law in the PRC, the tax rate of the PRC subsidiaries is 25% for both years. On 18 March 2022, the Ministry of Finance and the State Taxation Administration implemented preferential income tax policies for low-profit small businesses with annual taxable income that exceeds Renminbi ("RMB") 1 million but does not exceed RMB3 million will be counted as 25% of the actual amount at a tax rate of 20% which would be retrospectively implemented from 1 January 2022 to 31 December 2024.
- (ii) The Singapore Corporate Income Tax is determined by applying the Singapore tax rate of 17%. With the approval of the Group's application for Global Trader Programme by International Enterprise Singapore, certain qualified income generated by a subsidiary operating in Singapore during the year from physical trading of energy products is taxed at a concessionary rate of 10% until the end of year 2024.
- (iii) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of a qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime is insignificant to the consolidated financial statements. Accordingly, Hong Kong Profits Tax for subsidiaries operating in Hong Kong is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made for both years since tax losses are incurred for the subsidiaries operating in Hong Kong or the assessable profit is wholly absorbed by tax losses brought forward from previous year.
- (iv) No provision for Macao Profits Tax has been made for both years since loss was incurred for the subsidiary operating in Macao.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 9. INCOME TAX EXPENSE (CONTINUED)

The income tax expense for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 The PRC (including Hong Kong and Macao)			2023 The PRC (including Hong Kong and Macao)		
	Singapore HK\$'000	Hong Kong and Macao HK\$'000	Total HK\$'000	Singapore HK\$'000	Hong Kong and Macao HK\$'000	Total HK\$'000
Loss before taxation	(35,084)	(291,114)	(326,198)	(293)	(88,672)	(88,965)
Taxation at the domestic rate applicable to profits in the country concerned	(5,964)	(47,605)	(53,569)	(50)	(13,881)	(13,931)
Tax effect of income not taxable for tax purpose	–	(2,208)	(2,208)	–	(6,813)	(6,813)
Tax effect of expenses not deductible for tax purpose	5,360	49,144	54,504	153	24,487	24,640
Tax effect of share of results of associates	–	(745)	(745)	–	(1,241)	(1,241)
Utilisation of tax losses previously not recognised	–	(386)	(386)	–	(313)	(313)
Tax effect of tax losses not recognised	–	4,440	4,440	–	3,398	3,398
Effect of income tax on a concessionary rate in Singapore and the PRC and tax exemption	–	(839)	(839)	(46)	–	(46)
Withholding tax paid in respect of dividend declared by subsidiaries in the PRC (note)	–	1,023	1,023	–	1,302	1,302
Under-provision in prior year	64	1,522	1,586	296	–	296
Others	605	(326)	279	(18)	–	(18)
Income tax expense for the year	65	4,020	4,085	335	6,939	7,274

note: The withholding tax rate was 10% on the remittance of dividends from the subsidiaries in the PRC during the years ended 31 December 2024 and 31 December 2023.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 10. LOSS BEFORE TAXATION

Loss before taxation is arrived after charging:

	2024 HK\$'000	2023 HK\$'000
Auditor's remuneration		
Audit services	6,310	1,979
Non-audit services	230	150
	<b>6,540</b>	2,129
Depreciation of property, plant and equipment	37,275	6,946
Depreciation of investment properties	4,949	9,926
Depreciation of right-of-use assets	3,547	4,229
Amortisation of intangible assets	52	–
Amortisation of other assets	–	25
Net foreign exchange losses	11,497	6,089
Directors' emoluments (Note 11)	2,420	480
Other staff costs		
Salaries, bonus and other allowances	32,987	33,216
Retirement benefit schemes contributions	2,510	1,468
	<b>37,917</b>	35,164
Cost of inventories recognised as an expense (included in cost of sales)	1,500,607	1,208,251
Provision for write down of inventories	6,018	–

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the nine (2023: five) directors of the Company, including the chief executive, are as follows:

	Executive directors				Independent non-executive directors					Total HK\$'000
	Wang Jian Sheng HK\$'000 (note i)	Yao Guoliang HK\$'000 (note ii)	Ma Yi Ma Yi HK\$'000 (note iii)	Tan Xiao Tan Xiao HK\$'000 (note iv)	Chan Yee Kwong HK\$'000 (note v)	Deng Heng HK\$'000 (note vi)	Cheung Siu Wan HK\$'000 (note vii)	Jiao Jie Jiao Jie HK\$'000 (note viii)	Lai Wai Chi HK\$'000 (note ix)	
Fees	-	-	-	-	123	150	148	33	33	487
Other emoluments:	-	-	1,257	406	-	90	-	90	90	1,933
Salaries and other benefits	-	-	377	302	-	-	-	-	-	679
Share-based payments	-	-	-	-	-	-	-	-	-	-
Sign-on bonus	-	-	750	-	-	-	-	-	-	750
Discretionary bonus	-	-	125	100	-	90	-	90	90	495
Contributions to retirement benefits schemes	-	-	5	4	-	-	-	-	-	9
<b>Total emoluments for the year ended 31 December 2024</b>	<b>-</b>	<b>-</b>	<b>1,257</b>	<b>406</b>	<b>123</b>	<b>240</b>	<b>148</b>	<b>123</b>	<b>123</b>	<b>2,420</b>
Fees	-	-	-	-	150	150	180	-	-	480
Other emoluments:	-	-	-	-	-	-	-	-	-	-
Salaries and other benefits	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-
Discretionary bonus	-	-	-	-	-	-	-	-	-	-
Contributions to retirement benefits schemes	-	-	-	-	-	-	-	-	-	-
<b>Total emoluments for the year ended 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>150</b>	<b>180</b>	<b>-</b>	<b>-</b>	<b>480</b>

notes:

- (i) Mr. Wang Jian Sheng was redesignated to the position of non-executive director of the Company on 25 January 2025.
- (ii) Mr. Yao Guoliang was also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive. Mr. Yao Guoliang was removed from the position of executive director and chief executive officer of the Company on 25 January 2025 and 10 February 2025 respectively.
- (iii) Dr. Ma Yi was appointed as executive director and chief operating officer of the Company on 2 October 2024 and removed from the position of executive director of the Company on 25 January 2025, and he resigned as chief operating officer of the Company on 6 February 2025.
- (iv) Dr. Tan Xiao was appointed as executive director and co-chief executive officer of the Company on 14 October 2024 and removed from the positions of executive director and co-chief executive officer of the Company on 25 January 2025 and 10 February 2025 respectively.
- (v) Prof. Chan Yee Kwong resigned as independent non-executive director of the Company on 25 October 2024.
- (vi) Mr. Deng Heng was removed from the position of independent non-executive director of the Company on 25 January 2025.
- (vii) Ms. Cheung Siu Wan resigned as independent non-executive director of the Company on 25 October 2024.
- (viii) Ms. Jiao Jie was appointed as independent non-executive director of the Company on 25 October 2024 and removed from the position of independent non-executive director of the Company on 25 January 2025.
- (ix) Mr. Lai Wai Chi was appointed as independent non-executive director of the Company on 25 October 2024 and removed from the position of independent non-executive director of the Company on 25 January 2025.

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (CONTINUED)

The independent non-executive directors' emoluments shown above were paid for their services as directors of the Company.

During the years ended 31 December 2024, emoluments of HK\$750,000 have been paid by the Group to the directors of the Company as an inducement to join or upon joining the Group (2023: Nil). No emoluments have been paid by the Group to the directors of the Company as compensation for loss of office. None of the directors of the Company has waived or agreed to waive any emoluments during both years.

### Employees' emoluments

For the year ended 31 December 2024, of the five individuals with the highest emoluments in the Group, one (2023: none) of them is the director of the Company. The emoluments of these five (2023: five) individuals are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other benefits	8,842	10,390
Sign-on bonus	750	–
Discretionary bonus	1,695	6,259
Long service payment	185	–
Contributions to retirement benefits schemes	160	233
	<b>11,632</b>	16,882

Their emoluments were within the following bands:

	2024 Number of employees	2023 Number of employees
HK\$1,000,001 to HK\$1,500,000	3	1
HK\$1,500,001 to HK\$2,000,000	–	2
HK\$2,000,001 to HK\$2,500,000	1	1
HK\$5,000,001 to HK\$5,500,000	1	–
HK\$10,000,001 to HK\$10,500,000	–	1

During the year ended 31 December 2024, emoluments of HK\$750,000 have been paid to one of the five employees with the highest emoluments as an inducement to join or upon joining the Group (2023: Nil). Emoluments of approximately HK\$282,000 have been paid by the Group to one of the five employees with the highest emoluments as compensation for loss of office (2023: Nil).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 12. DIVIDENDS

The dividends for the year represented the interim dividend of approximately HK\$169.9 million (2023: Nil) declared by the Company to the shareholders of the Company, equivalent to HK\$0.08 per share (2023: Nil).

No dividend was paid or proposed during the year ended 31 December 2023, nor has any dividend been proposed since the end of the reporting period.

## 13. LOSS PER SHARE

The calculations of the basic and diluted loss per share attributable to owners of the Company are based on the following data:

	2024 HK\$'000	2023 HK\$'000
<b>Loss</b>		
Loss for the purposes of calculating basic and diluted loss per share		
Loss for the year attributable to owners of the Company	<b>(327,547)</b>	(95,407)
	2024	2023
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<b>2,123,364,090</b>	2,123,364,090

For the years ended 31 December 2024 and 31 December 2023, diluted loss per share was the same as the basic loss per share as potential ordinary shares arising from share options were not treated as dilutive as the conversion to ordinary shares would not increase the loss per share.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 14. PROPERTY, PLANT AND EQUIPMENT

	Oil properties HK\$'000	Properties HK\$'000	Storage tanks HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>COST</b>										
At 1 January 2023	-	1,698	86,758	1,142	28,566	1,292	2,195	4,551	113,043	239,245
Additions	-	-	175	685	530	17	717	287	274,990	277,401
Disposals	-	-	-	-	-	-	(20)	(274)	-	(294)
Disposal of a subsidiary (Note 32)	-	-	-	-	-	-	-	(839)	-	(839)
Transfer from construction in progress	-	-	-	-	4,993	-	-	-	(4,993)	-
Exchange realignment	-	-	(1,240)	-	(384)	(9)	(17)	(20)	(1,586)	(3,256)
<b>At 31 December 2023 and 1 January 2024</b>	<b>-</b>	<b>1,698</b>	<b>85,693</b>	<b>1,827</b>	<b>33,705</b>	<b>1,300</b>	<b>2,875</b>	<b>3,705</b>	<b>381,454</b>	<b>512,257</b>
Additions	-	-	-	25	3,092	144	176	184	138,268	141,889
Disposals	-	-	-	(1,050)	(1,117)	(67)	(36)	-	-	(2,270)
Acquired from acquisition of subsidiaries (Note 33)	122,710	-	-	-	458	-	88	-	256	123,512
Transfer from construction in progress	3,058	-	-	-	12,885	-	-	-	(15,943)	-
Transfer from investment properties (Note 15)	-	214,526	-	-	-	-	-	-	-	214,526
Exchange realignment	-	-	(1,834)	-	(577)	(10)	(41)	(30)	(8,126)	(10,618)
<b>At 31 December 2024</b>	<b>125,768</b>	<b>216,224</b>	<b>83,859</b>	<b>802</b>	<b>48,446</b>	<b>1,367</b>	<b>3,062</b>	<b>3,859</b>	<b>495,909</b>	<b>979,296</b>
<b>ACCUMULATED DEPRECIATION</b>										
At 1 January 2023	-	1,549	39,982	286	18,824	621	1,641	3,808	-	66,711
Provided for the year	-	85	4,088	412	1,675	128	237	321	-	6,946
Eliminated on disposals	-	-	-	-	-	-	(19)	(261)	-	(280)
Disposal of a subsidiary (Note 32)	-	-	-	-	-	-	-	(839)	-	(839)
Exchange realignment	-	-	(596)	-	(277)	(2)	(13)	(12)	-	(900)
<b>At 31 December 2023 and 1 January 2024</b>	<b>-</b>	<b>1,634</b>	<b>43,474</b>	<b>698</b>	<b>20,222</b>	<b>747</b>	<b>1,846</b>	<b>3,017</b>	<b>-</b>	<b>71,638</b>
Provided for the year	25,673	3,979	4,044	417	2,405	157	345	255	-	37,275
Eliminated on disposals	-	-	-	(688)	(513)	(36)	(30)	-	-	(1,267)
Transfer from investment properties (Note 15)	-	38,507	-	-	-	-	-	-	-	38,507
Exchange realignment	-	-	(991)	-	(435)	(5)	(24)	(20)	-	(1,475)
<b>At 31 December 2024</b>	<b>25,673</b>	<b>44,120</b>	<b>46,527</b>	<b>427</b>	<b>21,679</b>	<b>863</b>	<b>2,137</b>	<b>3,252</b>	<b>-</b>	<b>144,678</b>
<b>ACCUMULATED IMPAIRMENT</b>										
At 1 January 2023, 31 December 2023 and 1 January 2024	-	-	-	-	-	-	-	-	-	-
Impairment loss recognised	-	49,344	35,855	-	11,617	-	-	-	61,560	158,376
Transfer from investment properties (Note 15)	-	24,910	-	-	-	-	-	-	-	24,910
<b>At 31 December 2024</b>	<b>-</b>	<b>74,254</b>	<b>35,855</b>	<b>-</b>	<b>11,617</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,560</b>	<b>183,286</b>
<b>CARRYING AMOUNT</b>										
<b>At 31 December 2024</b>	<b>100,095</b>	<b>97,850</b>	<b>1,477</b>	<b>375</b>	<b>15,150</b>	<b>504</b>	<b>925</b>	<b>607</b>	<b>434,349</b>	<b>651,332</b>
At 31 December 2023	-	64	42,219	1,129	13,483	553	1,029	688	381,454	440,619

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Other than oil properties being amortised based on the unit of production method, the above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum/over the following years:

Properties	Over the shorter of the term of the lease, or 20 years
Storage tanks	Over the shorter of the term of the lease, or 20 years
Leasehold improvements	Over the shorter of the term of the lease, or 3–4 years
Plant and machinery	5%–33 $\frac{1}{3}$ %
Furniture and fixtures	20%–33 $\frac{1}{3}$ %
Office equipment	19%–33 $\frac{1}{3}$ %
Motor vehicles	9 $\frac{1}{2}$ %–30%

In accordance with the Group's accounting policies, the Group reviews the carrying amount of its property, plant and equipment to determine whether there is any indication of that these assets have suffered an impairment loss. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made at the reporting period.

During the year, there were transfers of investment properties to property, plant and equipment because the Group had changed the actual use of the commercial property and car park spaces. As at 31 December 2024, the properties had become owner-occupied.

Except the below items, there were no impairment indicators for the property, plant and equipment held by the Group as at 31 December 2024 (2023: Nil).

### Impairment assessment of Fujian Plant

During the year, the completion of the Fujian Plant was estimated to be deferred to the end of the second quarter of 2025 due to delays in obtaining the final approval for the fire protection systems of the Fujian Plant from the local authority. Accordingly, the management of the Group considered the delay in construction is an indicator of impairment and performed an impairment assessment accordingly. As at 31 December 2024, construction in progress, leasehold land and pollution discharge right relating to the Fujian Plant of approximately HK\$491,051,000 (2023: approximately HK\$379,636,000), approximately HK\$43,593,000 (2023: approximately HK\$45,517,000) and approximately HK\$719,000 (2023: Nil) were respectively recorded in property, plant and equipment, right-of-use assets and intangible assets (the "Manufacturing Plant Related Assets").

The recoverable amount of the Manufacturing Plant Related Assets has been determined by value-in-use approach adopted by an independent qualified professional valuer engaged by the Group, using cash flow projections based on financial budgets covering a five-year period approved by the management of the Group. Key inputs used in the calculation include pre-tax discount rate of 14.8%, terminal growth rate of 2.0%, which does not exceed the long-term average growth rate for the petrochemical manufacturing industry, and utilisation rate of the Fujian Plant ranging from 46.8% to 90.0%.

The values assigned to the above key assumption on market development of petrochemicals manufacturing plants and the discount rates are consistent with external information sources.

Based on the impairment assessment, as at 31 December 2024, the recoverable amount of the Manufacturing Plant Related Assets is less than its carrying amount. Accordingly, impairment loss of approximately HK\$66,219,000 on the Manufacturing Plant Related Assets was recognised for the year ended 31 December 2024 (2023: Nil).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Impairment assessment of oil properties

With the approaching of the expiration date of the PSC in 2027, the management of the Group noticed that there might be a decrease in the recoverable amount of its oil properties, which is under exploration, exploitation and operation of crude oil segment, and hence considered that there was an indicator of impairment and performed an impairment assessment accordingly.

The recoverable amount of the oil properties has been determined by value-in-use approach adopted by an independent qualified professional valuer engaged by the Group, using cash flow projections based on financial budgets covering until the expiration date of the PSC in 2027 approved by the management of the Group.

In performing the impairment assessment, the key assumptions and input data adopted by the management include forecasted crude oil prices, forecasted production volumes, forecasted operating costs and capital expenditures and discount rates. Management adopted (a) the forecasted crude oil prices based on the approved financial budgets and also bench-marked against a range of price forecasts published by various banks and industry organisations; (b) the forecasted production volumes based on management's production plan for the remaining contract periods, which is below the estimated reserve volume as set out in the reserve report; (c) the forecast operating costs and capital expenditures based on the Group's financial budget and business plan; and (d) the pre-tax discount rate reflected specific risks relating to the relevant business.

The key assumptions used in determining the recoverable amount are as follows:

	<b>Assessment performed on 31 December 2024</b>
Period of projection	2025–2027
Crude oil prices (US\$/bbl)	72.81 to 75.80
Production volumes for the remaining contract period (Mbbbl)	1,135,804
Inflation rate (p.a.)	2.0%
Pre-tax discount rate (p.a.)	20.4%

For the year ended 31 December 2024, the recoverable amount of the oil properties is HK\$107,789,000. Based on the assessment, the Group does not recognise impairment loss on oil properties for the year ended 31 December 2024 (2023: Nil).

If the forecasted crude oil prices had been 5% lower than management's estimates, the Group would have had to recognise an impairment loss against oil properties of HK\$4,706,000.

If the forecasted production volume had been 5% lower than management's estimates, the Group would have had to recognise an impairment loss against oil properties of HK\$4,706,000.

If the pre-tax discount rate had been 7% higher than management's estimates, the Group would have had to recognise an impairment loss against oil properties of HK\$185,000.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Impairment assessment of storage tanks

For the year ended 31 December 2024, in view of the unsatisfactory results of its storage business, the management of the Group carried out an impairment assessment on the carrying amount of its storage tanks by comparing its recoverable amount with its carrying amount with the assistance of an independent qualified professional valuer engaged by the Group. As at 31 December 2024, plant and machinery and storage tanks approximately HK\$9,074,000 (2023: approximately HK\$7,179,000) and approximately HK\$37,332,000 (2023: approximately HK\$42,219,000) were recorded in property, plant and equipment, and leasehold land of approximately HK\$13,881,000 (2023: approximately HK\$14,611,000) was recorded in right-of-use assets, respectively (the "Storage Business Related Assets"), which is under storage business segment.

The recoverable amount of the Storage Business Related Assets is determined using value-in-use calculation using cash flow forecast for the operation of the storage business covering a five-year period approved by the management of the Group. Key inputs used in the calculation include pre-tax discount rate of 10.4% and terminal growth rate of 2.0%, which does not exceed the long-term average growth rate for the storage industry.

Based on the result of the impairment assessment, the recoverable amount of the Storage Business Related Assets is estimated to be lower than its carrying amount as at 31 December 2024 and, accordingly, an impairment loss on the storage tanks of approximately HK\$57,902,000 was recognised for the year ended 31 December 2024 (2023: Nil).

### Impairment assessment of solar energy system

For the year ended 31 December 2024, in view of the unsatisfactory results of its solar energy business, the management of the Group carried out an impairment assessment on the carrying amount of its solar energy system by comparing its recoverable amount with its carrying amount with the assistance of an independent qualified professional valuer engaged by the Group. As at 31 December 2024, construction in progress and plant and machinery of approximately HK\$4,858,000 (2023: approximately HK\$1,818,000) and approximately HK\$17,142,000 (2023: approximately HK\$6,130,000) were recorded in property, plant and equipment.

The recoverable amount of the solar energy system is determined using value-in-use calculation using cash flow forecast for the operation of the solar energy business covering a five-year period approved by the management of the Group. Key inputs used in the calculation include pre-tax discount rate of 10.2% and terminal growth rate of 2.0%, which does not exceed the long-term average growth rate for the solar energy industry.

Based on the result of the impairment assessment, the recoverable amount of the solar energy system is estimated to be lower than its carrying amount as at 31 December 2024 and, accordingly, an impairment loss on the solar energy system of approximately HK\$3,724,000 was recognised for the year ended 31 December 2024 (2023: Nil).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Impairment assessment of commercial property and car park spaces

The Group assessed impairment loss for the commercial property and car park spaces by considering its recoverable amount, having regard to the change in market conditions in Hong Kong. The recoverable amount of the property and car park spaces is estimated based on the fair value less costs of disposal of the commercial property and car park spaces, which is estimated reference to comparable sales transactions as available in the relevant market with adjustments to reflect the condition and location of the related properties. In assessing the fair value, the Group adopted a direct comparison method. The key unobservable inputs for the commercial property and car park spaces are the premium or discount for quality of properties (e.g. view, level and building age of the commercial property and car park spaces) ranging from -18.8% to 10.7%. Impairment loss of HK\$49,344,000 on the commercial property and car park spaces was recognised for the year ended 31 December 2024 (2023: Nil).

As at 31 December 2024, fair value of the commercial property and car park spaces amounted to HK\$97,850,000. The fair value measurement of the commercial property and car park spaces is classified as Level 3 of the fair value hierarchy. Relationships of unobservable inputs to fair value are as follows:

- The higher the premium applied to the commercial property and car park spaces, the higher the fair value;
- The higher the discount applied to the commercial property and car park spaces, the lower the fair value.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 15. INVESTMENT PROPERTIES

	HK\$'000
COST	
At 1 January 2023, 31 December 2023 and 1 January 2024	214,526
Transfer to property, plant and equipment (Note 14)	<b>(214,526)</b>
<b>At 31 December 2024</b>	<b>–</b>
ACCUMULATED DEPRECIATION	
At 1 January 2023	23,632
Provided for the year	9,926
At 31 December 2023 and 1 January 2024	33,558
Provided for the year	<b>4,949</b>
Transfer to property, plant and equipment (Note 14)	<b>(38,507)</b>
<b>At 31 December 2024</b>	<b>–</b>
ACCUMULATED IMPAIRMENT	
At 1 January 2023, 31 December 2023 and 1 January 2024	24,910
Transfer to property, plant and equipment (Note 14)	<b>(24,910)</b>
<b>At 31 December 2024</b>	<b>–</b>
CARRYING AMOUNT	
<b>At 31 December 2024</b>	<b>–</b>
At 31 December 2023	156,058

The Group's investment properties comprised of a commercial property and car park spaces situated in Hong Kong. These properties were acquired in 2020 with estimated useful lives of 20 years. As at 31 December 2023, the Group assessed impairment loss for the investment properties by considering its recoverable amount, having regard to the change in market conditions in Hong Kong. The recoverable amount of the investment properties was estimated based on the fair value less costs of disposal of the investment properties, which was estimated reference to comparable sales transactions as available in the relevant market with adjustments to reflect the condition and location of the related properties. In assessing the fair value, the Group adopted a direct comparison method. The key unobservable inputs for the commercial property and car park spaces were the premium or discount for quality of properties (e.g. view, level and building age of the commercial property and car park spaces) ranging from -10.4% to 10.0%. No impairment loss on investment properties was recognised for the year ended 31 December 2023.

As at 31 December 2023, fair value of the investment properties amounted to HK\$156,360,000. The fair value measurement of the investment properties was classified as Level 3 of the fair value hierarchy. Relationships of unobservable inputs to fair value are as follows:

- The higher the premium applied to the commercial property and car park spaces, the higher the fair value;
- The higher the discount applied to the commercial property and car park spaces, the lower the fair value.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 15. INVESTMENT PROPERTIES (CONTINUED)

As at 31 December 2023, the management of the Group assessed whether an impairment loss recognised in prior periods might no longer exist or might have decreased and considered that there had been no major change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised and there had been no major change in the estimated service potential of the asset.

During the year, there are transfers of investment properties to property, plant and equipment because the Group has changed the actual use of the commercial property and car park spaces. As at 31 December 2024, the properties have become owner-occupied.

During the year, approximately HK\$1,557,000 (2023: approximately HK\$1,997,000) was recognised in the consolidated statement of profit or loss and other comprehensive income in relation to rental income from the investment properties. During the year, there was no direct operating expenses, including repairs and maintenance, arising from investment properties that generated rental income (2023: Nil). During the year, there were no direct operating expenses, including repairs and maintenance, arising from investment properties that did not generate rental income (2023: Nil).

## 16. OTHER ASSETS

The amounts represent an art work (2023: an art work) that is carried at cost.

## 17. INTERESTS IN ASSOCIATES

	2024 HK\$'000	2023 HK\$'000
Cost of interests in associates, unlisted	129,751	129,751
Share of post-acquisition results, net of dividend	(48,453)	(52,970)
Less: Impairment loss recognised	(49,385)	(4,409)
Exchange realignment	1,386	3,087
	<b>33,299</b>	75,459

As at 31 December 2024 and 2023, the Group has interests in the following associates:

Name of the entity	Form of business structure	Place of establishment and principal place of business	Paid up registered capital		Equity interest attributable to the Group		Principal activity
			2024	2023	2024 %	2023 %	
中化天津港石化倉儲有限公司 Sinochem Tianjin Port Petrochemical Terminal Co., Ltd. ("Sinochem Port")	Sino-foreign owned enterprise	PRC	RMB628,060,000	RMB628,060,000	15 (note)	15 (note)	Provision of crude oil and petrochemicals storage services
天津港中化石化碼頭有限公司 Tianjin Port Sinochem Petrochemical Dock Co., Ltd. ("Tianjin Port")	Sino-foreign owned enterprise	PRC	RMB139,388,000	RMB139,388,000	15 (note)	15 (note)	Development and operation of dock and related ancillary facilities

*note:* The Group is able to exercise significant influence over Sinochem Port and Tianjin Port because it has the power to appoint one out of the five directors of these entities under the provisions stated in the articles of association of these entities.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 17. INTERESTS IN ASSOCIATES (CONTINUED)

### Impairment assessment on the material associate

#### Sinochem Port

For the year ended 31 December 2024, in view of losing of two major customers of Sinochem Port, the management of the Group carried out an impairment assessment on the carrying amount of its interest in Sinochem Port by comparing its recoverable amount with its carrying amount with the assistance of an independent qualified professional valuer engaged by the Group. The recoverable amount is determined using value-in-use calculation. In determining the value in use of Sinochem Port, the management of the Group estimated the proceeds on ultimate disposal of Sinochem Port based on the estimation of the present value of the future cash flows expected to arise from the operation of Sinochem Port. Key inputs used in the calculation include earnings before interest, taxes, depreciation, and amortisation (“EBITDA”) margin ranging from 45.7% to 54.3%, pre-tax discount rate of 11.7% and terminal growth rate of 2.0%, which does not exceed the long-term average growth rate for the storage industry. Based on the result of the assessment, the recoverable amount of Sinochem Port is estimated to be lower than its carrying amount as at 31 December 2024 and, accordingly, an impairment loss on interest in an associate of approximately HK\$44,976,000 was recognised in profit or loss for the year ended 31 December 2024.

For the year ended 31 December 2023, the Directors are in opinion that there are no impairment indicators in respect of Sinochem Port.

### Summarised financial information of the material associate

Summarised financial information in respect of the Group’s material associate is set out below. The summarised financial information below represents amounts shown in the associate’s financial statements prepared in accordance with HKFRS Accounting Standards.

#### Sinochem Port

	2024 HK\$'000	2023 HK\$'000
Non-current assets	838,212	857,117
Current assets	40,890	27,400
Current liabilities	(130,208)	(50,043)
Non-current liabilities	(227,061)	(331,415)
	2024 HK\$'000	2023 HK\$'000
Revenue	219,313	224,642
Profit and total comprehensive income for the year	30,112	33,098

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 17. INTERESTS IN ASSOCIATES (CONTINUED)

Reconciliation of the above summarised financial information to the carrying amount of the Group's interest in Sinochem Port recognised in the consolidated financial statements is as follows:

	2024 HK\$'000	2023 HK\$'000
Net assets of Sinochem Port	521,833	503,059
Proportion of the Group's ownership interest in Sinochem Port	15%	15%
The Group's share of net assets in Sinochem Port	78,275	75,459
Less: Impairment loss recognised	(44,976)	–
Carrying amount of the Group's interest in Sinochem Port	33,299	75,459
The Group's share of results of Sinochem Port for the year	4,517	4,965

### Aggregate information of associate that is not individually material

	2024 HK\$'000	2023 HK\$'000
The Group's share of results of this associate for the year	–	–
	2024 HK\$'000	2023 HK\$'000
Aggregate carrying amount of the Group's interest in this associate	–	–

All of the above associates are accounted for using the equity method in the consolidated financial statements.

## 18. INTANGIBLE ASSETS

The amounts represent the pollution discharge rights related to the Fujian Plant, measured at amortised cost. For the year ended 31 December 2024, gross amount, accumulated amortisation amount, accumulated impairment and carrying amount of intangible assets are approximately HK\$771,000 (2023: Nil), approximately HK\$52,000 (2023: Nil), approximately HK\$89,000 (2023: Nil) and approximately HK\$630,000 (2023: Nil), respectively.

Details of the impairment assessment on pollution discharge rights related to the Fujian Plant are further disclosed in Note 14.

## 19. INVENTORIES

The amounts mainly related to petroleum products and petrochemicals held for resale purposes, spare parts and hardware accessories for the upkeep of production equipment and structures, and consumables essential to the manufacturing process.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 20. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

### A. Trade Receivables

	2024 HK\$'000	2023 HK\$'000
Trade receivables		
— contracts with customers	14,016	193,959
— lease receivables	78	2,747
	<b>14,094</b>	196,706

At 31 December 2024 and 31 December 2023, all trade receivables were at amortised cost.

The Group allows credit periods of 30 to 90 days to its customers from the trading business, 5 to 30 days to its customers from the storage business and 30 days to its customer from the exploration, exploitation and operation of crude oil business.

The following is an ageing analysis of trade receivables based on the invoice dates or goods delivery dates which approximated the revenue recognition dates at the end of the reporting period:

	2024 HK\$'000	2023 HK\$'000
0 to 30 days	14,094	12,965
Over 365 days	—	183,741
	<b>14,094</b>	196,706

During the year ended 31 December 2020, the Group initiated legal proceedings to recover its outstanding debts from one of its customers. On 21 December 2020, Dongying Intermediate People's Court of Shandong Province of the People's Republic of China (中華人民共和國山東省東營市中級人民法院) considered the overdue sum as a breach of contract and that the customer has to bear the payment responsibility and compensate the economic loss to the Group.

On 8 December 2021, the customer and the Group entered into a debt renegotiation plan, which stipulated, amongst others, a monthly repayment schedule, the outstanding interest amount up to the latest practicable date of approximately HK\$6,753,000, which is expected to be paid at the end of 2024, and a 3.85% per annum interest charge on the total outstanding amount henceforth. In accordance with the repayment schedule, monthly repayments will be made from 2022 to 2024.

On 29 December 2022, the Group entered into a supplemental modification agreement with the customer to agree a revised repayment schedule, as detailed in the below, with no changes in other key terms. In accordance with the revised repayment schedule, repayments of principal amount shall be partially made in 2023 and the remaining principal amount shall be fully repaid by the end of June 2024; repayment of accumulated interest shall be made by the end of December 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 20. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

### A. Trade Receivables (continued)

During the year ended 31 December 2023, interest income from trade receivables accrued under the effective interest method of approximately HK\$10,526,000 was recognised in other income.

During the year ended 31 December 2024, the customer has fully settled the remaining principal amount and the accrued interest in accordance with the supplemental modification agreement.

Details of impairment assessment and loss allowance account in respect of trade receivables at amortised cost are set out in Note 39.

### B. Other receivables, deposits and prepayments

	2024 HK\$'000	2023 HK\$'000
Prepayments to suppliers for purchases of petroleum products and petrochemicals	856	8,438
Receivable from crude oil royalty income	2,556	–
Production operation expenses recoverable from PSC partner (Note 34)	4,789	–
Dividend receivable from listed securities held for trading	117	–
Value-added tax recoverables	27,121	6,822
Other receivables (note)	15,396	4,513
Other deposits	785	566
Other prepayments	2,058	1,211
	<b>53,678</b>	21,550
Less: Impairment loss under expected credit loss model	<b>(13,754)</b>	–
	<b>39,924</b>	21,550
Classified as:		
Non-current assets	<b>1,236</b>	205
Current assets	<b>38,688</b>	21,345
	<b>39,924</b>	21,550

note: Other receivables mainly comprised of: a) certain payments in relation to transactions entered into by Strong HK with certain third parties. For details of the transactions, please refer to Note 1.1(B); and b) the deposit used as collateral for other borrowings (Note 29) (2023: rent receivable and demurrage charge receivable).

Details of the impairment assessment of receivable from crude oil royalty income, production operation expenses recoverable from PSC partner, dividend receivable from listed securities held for trading, other receivables and refundable deposits are set out in Note 39.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 21. FINANCIAL ASSETS AT FVTPL

	2024 HK\$'000	2023 HK\$'000
Non-current asset		
— Unlisted equity investment	–	50,441
Current assets		
— Listed securities held for trading	130	272
	<b>130</b>	50,713
	2024 HK\$'000	2023 HK\$'000
Loss on financial assets at FVTPL, net:		
Dividend income from listed securities held for trading	117	–
Loss on fair value change in unlisted equity investment	–	(102,123)
Loss on fair value change in listed securities held for trading	(142)	(66)
Loss on disposal of unlisted equity investment	(1,432)	–
	<b>(1,457)</b>	(102,189)

### Unlisted equity investment

On 31 August 2020, the Group subscribed for 2.5 million Class A Shares in SH Energy Fund 1 (“SH Energy”). SH Energy is an exempted company incorporated under the laws of the Cayman Islands with limited liability on 14 July 2020. The cost of such investment is US\$25,000,000 (equivalent to approximately HK\$195,000,000). As at 31 December 2021, unpaid amount of US\$3,500,000 (equivalent to approximately HK\$27,300,000) was included in other payable. During the year ended 31 December 2022, the amount was settled through the declaration of dividend by SH Energy of the same amount which was one of the major non-cash transactions of the Group for the year ended 31 December 2022.

Fair value measurement of the Group’s investment in SH Energy is classified as Level 3 of the fair value hierarchy. For the year ended 31 December 2023, the management of the Group assessed the fair value of its investment in SH Energy with the assistance of an independent qualified professional valuer engaged by the Group. The fair value was determined using income approach calculation. In determining the fair value of its investment in SH Energy, the management of the Group estimated the proceeds on ultimate disposal of SH Energy based on the estimation of the present value of the future cash flows expected to arise from the dividends to be recovered from SH Energy. Details of the key unobservable inputs are disclosed on Note 38. Based on the fair value assessment, a fair value loss of approximately US\$13,093,000 (equivalent to approximately HK\$102,123,000) was recognised for the year ended 31 December 2023. The Tianjin oil fields project of SH Energy had not yet obtained the approval to extend the production period as at 31 December 2023, resulting a reduction of forecast volume of oil produced in the remaining forecast periods. Together with the drop in crude oil price as comparing with 31 December 2022, these resulted in significant fair value loss on the investment in SH Energy for the year ended 31 December 2023.

During the year ended 31 December 2024, the Group acquired the principle assets of SH Energy. Subsequently, the directors of SH Energy had informed the Group that SH Energy would be wind up and the entire participating share in SH Energy held by the Group would be compulsorily redeemed. In July 2024, the directors of SH Energy decided to compulsorily redeem all participating shares. Approximately US\$6.2 million (equivalent to approximately HK\$48.1 million) and approximately US\$0.1 million (equivalent to approximately HK\$0.9 million) were received from SH Energy as redemption proceeds on 26 July 2024 and 9 August 2024 respectively.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 21. FINANCIAL ASSETS AT FVTPL (CONTINUED)

### Listed securities held for trading

	2024 HK\$'000	2023 HK\$'000
Listed securities held for trading:		
— Equity securities listed in Hong Kong	76	217
— Equity securities listed outside Hong Kong	54	55
	130	272

Fair value measurement of the Group's investment in listed securities is classified as Level 1 of the fair value hierarchy, as the fair value is based on quoted bid prices in active markets. For the year ended 31 December 2024, a fair value loss of approximately HK\$142,000 (2023: approximately HK\$66,000) was recognised for the year.

## 22. DEPOSITS PLACED WITH BROKERS

The amounts represent margin deposits placed with brokers for trading derivative financial instruments. The amounts carry interest at variable interest rate of from 0.001% to 2.5% (2023: from 0.001% to 3.5%) per annum.

## 23. PLEDGED BANK DEPOSITS AND RESTRICTED BANK DEPOSITS

### Pledged bank deposits

As at 31 December 2023, bank deposit of approximately HK\$25,000 was pledged for certain letter of credit facility provided by a bank. The effective interest rate on pledged bank deposits was 0.001% per annum. The mature date is 2 January 2024.

As at 31 December 2024, no bank deposit was pledged.

### Restricted bank deposits

As at 31 December 2024, bank accounts with balances of approximately HK\$69,080,000 were frozen due to the winding-up petition filed by Mr. Yao Guoliang, a former executive director of the Company, at the Grand Court of the Cayman Islands as set out in the announcement of the Company dated 4 December 2024. In addition, certain bank accounts with balances of approximately HK\$13,393,000 were also frozen by the bank.

The remaining restricted bank deposits represented deposits the Group is required to make into a specific bank account at pre-determined monthly amounts as negotiated with CNPC. The balance is set aside for settlement of asset retirement obligations (Note 25). The usage of the balance in that bank account requires mutual consent of the Group and CNPC.

## 24. BANK BALANCES AND CASH

Bank balances and cash comprise cash on hand, balances in savings and current accounts, and short-term bank deposits with an original maturity of three months or less. As at 31 December 2024, the bank balances and cash of approximately HK\$236,282,000 (2023: approximately HK\$246,442,000) are denominated in RMB which is not freely convertible into other currencies.

Balances in savings account and short-term bank deposits carried effective interest at prevailing market rates ranging from 0.001% to 3.96% (2023: 0.001% to 5.12%) per annum.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

### A. Trade payables

	2024 HK\$'000	2023 HK\$'000
Trade payables at amortised cost	–	2,947

The following is an ageing analysis of trade payables based on the invoice dates or goods receipt dates at the end of the reporting period:

	2024 HK\$'000	2023 HK\$'000
0 to 30 days	–	2,947

The credit period granted by suppliers on purchase of goods is normally 30 to 90 days.

### B. Other payables and accrued charges

	2024 HK\$'000	2023 HK\$'000
Accrued demurrage charges	3,534	6,708
Payables for purchases and construction of property, plant and equipment	21,469	78,015
Payable for production costs and expenses related to exploration, exploitation and operation of crude oil business (Note 34)	35,012	–
Accrued customer claims arising from arbitration (note (c))	30,977	–
Other accrued charges (note (a))	15,553	12,760
Accrued interest for bank borrowings (Note 29)	698	216
Other payables and deposits received (note (b))	632,228	13,053
	<b>739,471</b>	<b>110,752</b>

note (a): Other accrued charges mainly comprised of salaries and bonus and legal and professional fee.

note (b): Other payables and deposits received mainly comprised of certain receipts in relation to transactions entered into by Strong HK with certain third parties. For details of the transactions, please refer to Note 1.1(B).

note (c): Accrued customer claims arising from arbitration represented the legal compensations in relation to a breach of contract term in trade transactions entered into by Strong Singapore with a customer as the company could not load agreed quantity of coal on the vessel within the given time.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES (CONTINUED)

### C. Provision

	2024 HK\$'000	2023 HK\$'000
Asset retirement obligations	22,638	–
Classified as:		
Non-current liabilities	3,039	–
Current liabilities	19,599	–

The movement on provision during the year is as follows:

	2024 HK\$'000	2023 HK\$'000
As at 1 January	–	–
Acquired from acquisition of subsidiaries (Note 33)	18,726	–
Provision for the year	3,912	–
As at 31 December	22,638	–

## 26. CONTRACT LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Trading of commodities	9,117	1,660
Storage related ancillary services for petroleum products and petrochemicals	555	138
	9,672	1,798

Contract liabilities represent prepayments received from the customers prior to delivery of goods and provision of services. The Group has no particular policy on the amounts to be received prior to the delivery of goods and provision of services and it is negotiated with customers on contract by contract basis. The contract liabilities recognised at the end of each reporting period are normally recognised as revenue in the following financial reporting period.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 27. LEASES

### The Group as a lessee

#### Right-of-use assets

	Leasehold land HK\$'000	Leased properties HK\$'000	Total HK\$'000
At 1 January 2023	62,416	4,424	66,840
Depreciation provided	(1,406)	(2,823)	(4,229)
Exchange realignment	(882)	(1)	(883)
At 31 December 2023 and 1 January 2024	60,128	1,600	61,728
Additions and lease modifications	–	5,525	5,525
Termination of lease	–	(2,957)	(2,957)
Depreciation provided	(1,388)	(2,159)	(3,547)
Impairment loss recognised	(18,724)	–	(18,724)
Exchange realignment	(1,266)	–	(1,266)
<b>At 31 December 2024</b>	<b>38,750</b>	<b>2,009</b>	<b>40,759</b>
		<b>2024</b>	2023
		<b>HK\$'000</b>	HK\$'000
Expenses relating to short term leases		<b>2,033</b>	458
Total cash outflow for leases		<b>4,330</b>	3,404

The Group owns several buildings, where its storage facilities are primarily located, and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

In addition, the Group leased various offices for its operations. Lease contracts are entered into for a fixed term of 1 year to 2 years. The Group may extend the lease beyond the initial agreed period but it is subject to mutual agreement between the Group and the property owner. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 27. LEASES (CONTINUED)

### The Group as a lessee (continued)

#### Right-of-use assets (continued)

Details of the impairment assessment on leasehold land related to the Fujian Plant and the impairment assessment on leasehold land related to the storage tanks are further disclosed in Note 14.

There were no impairment indicators for the remaining right-of-use assets held by the Group as at 31 December 2024 and 31 December 2023.

#### Lease liabilities

Future lease payments are due as follows:

	Future lease payments HK\$'000	Interest HK\$'000	Present value HK\$'000
<b>As at 31 December 2024</b>			
Within one year	969	83	886
After one year but within two years	966	35	931
After two years but within five years	241	1	240
	<b>2,176</b>	<b>119</b>	<b>2,057</b>
<b>As at 31 December 2023</b>			
Within one year	1,480	37	1,443
After one year but within two years	252	1	251
	<b>1,732</b>	<b>38</b>	<b>1,694</b>

The present value of future lease payments are analysed as:

	2024 HK\$'000	2023 HK\$'000
Current	886	1,443
Non-current	1,171	251
	<b>2,057</b>	<b>1,694</b>

Reconciliation of lease liabilities is set out in Note 43.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 27. LEASES (CONTINUED)

### The Group as a lessor

Minimum lease payments receivable on leases are as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	–	1,582
In the second year	–	–
	–	1,582

No (2023: approximately HK\$1,298,000) minimum lease payments receivable includes rental income from investment properties (2023: for the period from 1 January 2024 to 27 June 2024).

## 28. DERIVATIVE FINANCIAL INSTRUMENTS

	2024 HK\$'000	2023 HK\$'000
The carrying amount of derivative financial instruments is presented as:		
Current assets	3,892	12,276
Current liabilities	3,844	12,879

The Group has the following outstanding net-settled futures and swaps contracts.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 28. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The major terms of these contracts are as follows:

**At 31 December 2024**

Notional amount	Maturity date	Strike prices
Aluminium futures contracts — Long position: US\$2,497,650	19 February 2025 to 19 March 2025	US\$2,594.50 to US\$2,645.00 per metric tonne
Aluminium futures contracts — Short position: US\$4,841,463	19 February 2025 to 19 March 2025	US\$2,590.00 to US\$2,659,000 per metric tonne
Nickel futures contracts — Long position: US\$3,024,690	19 February 2025 to 19 March 2025	US\$15,480.00 to US\$15,940.00 per metric tonne
Nickel futures contracts — Short position: US\$3,024,210	19 February 2025 to 19 March 2025	US\$15,525.00 to US\$16,015.00 per metric tonne
Henry Hub Natural Gas futures contracts — Long position: US\$2,216,300	28 February 2025	US\$2.76 to US\$2.78 per million British thermal unit
Henry Hub Natural Gas futures contracts — Short position: US\$2,234,900	31 March 2025	US\$2.78 to US\$2.80 per million British thermal unit
Propane ARGUS swaps contracts — Long position: US\$614,000	31 January 2025	US\$614.00 per metric tonne
Propane ARGUS swaps contracts — Short position: US\$620,000	31 January 2025	US\$620.00 per metric tonne
Naphtha C&F Japan (Platts) futures contracts — Long position: US\$3,984,000	31 December 2024*	US\$664.00 per metric tonne
Naphtha C&F Japan (Platts) futures contracts — Short position: US\$3,947,000	31 December 2024*	US\$606.50 to US\$686.00 per metric tonne

\* The settlement date of these contracts was 2 January 2025.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 28. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 31 December 2023

Notional amount	Maturity date	Strike prices
Brent futures contracts — Long position: US\$7,987,010	31 January 2024 to 30 April 2024	US\$78.10 to US\$80.40 per barrel
Brent futures contracts — Short position: US\$5,162,250	31 October 2024	US\$76.49 to US\$77.40 per barrel
Dubai Crude Oil futures contracts — Long position: US\$31,582,430	29 February 2024 to 31 March 2024	US\$77.97 to US\$80.33 per barrel
Dubai Crude Oil futures contracts — Short position: US\$31,520,130	31 March 2024 to 30 April 2024	US\$77.73 to US\$80.07 per barrel
Henry Hub Natural Gas futures contracts — Long position: US\$3,387,480	27 February 2024 to 26 June 2024	US\$2.13 to US\$2.69 per million British thermal unit
Propane ARGUS futures contracts — Long position: US\$5,200,360	29 December 2023 <sup>#</sup> to 31 January 2024	US\$621.49 to US\$680.00 per metric tonne
Propane ARGUS futures contracts — Short position: US\$5,037,230	29 December 2023 <sup>#</sup> to 31 January 2024	US\$618.70 to US\$682.75 per metric tonne
Naphtha C&F Japan Cargo swaps contracts — Long position: US\$1,758,000	29 December 2023 <sup>#</sup>	US\$586.00 to US\$586.00 per metric tonne
Naphtha C&F Japan (Platts) futures contracts — Short position: US\$1,897,000	29 December 2023 <sup>#</sup>	US\$612.00 to US\$643.00 per metric tonne

<sup>#</sup> The settlement date of these contracts was 2 January 2024.

The fair values of the derivative financial instruments are estimated based on the difference between the contracted strike prices and prevailing futures and swaps prices or published indexes at the end of the reporting period. Such prevailing futures and swaps prices or published indexes are derived from the relevant futures exchanges or prices publication as specified in the contracts.

Changes in fair value of derivative financial instruments for the years ended 31 December 2024 and 31 December 2023 recognised in the consolidated statement of profit or loss and other comprehensive income mainly represent the changes in fair value of all settled and unsettled trading futures contracts in relation to metal, crude oil and petroleum products, and swap contracts in relation to petroleum products.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 29. BANK AND OTHER BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Bank borrowings — secured	297,605	159,892
Other borrowing — secured	13,021	–
Other borrowings — unsecured	25,000	–
<b>Total</b>	<b>335,626</b>	159,892
The carrying amount of the above borrowings are repayable (note):		
Within one year	13,175	–
Within a period of more than one year but not exceeding two years	44,486	–
Within a period of more than two years but not exceeding five years	198,404	93,270
More than five years	79,561	66,622
	<b>335,626</b>	159,892
Less: Amounts shown under current liabilities	<b>(13,175)</b>	–
Amount shown under non-current liabilities	<b>322,451</b>	159,892

note: The amounts due are based on scheduled repayment dates set out in the borrowing agreements.

As at 31 December 2024, the bank borrowings carried interest at floating rate of ranging from 3.8% to 4.2% (2023: from 4.4% to 4.5%) (Loan Prime Rate announced by the National Interbank Funding Centre of the PRC plus 0.2%) and were secured by certain right-of-use assets and property, plant and equipment.

The secured other borrowing carried interest at a fixed rate of 8.5% per annum and are secured by certain trade receivables and deposits.

The unsecured other borrowings carried interest at a fixed rate of 7% and 7.5% per annum.

The bank borrowings and the secured other borrowing were denominated in RMB, which was functional currency of the relevant group entities.

The unsecured other borrowings were denominated in HK\$, which was functional currency of the relevant group entity. The unsecured other borrowings were borrowed from an individual, who became the director of the relevant group entity after the reporting period.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 30. DEFERRED TAX

	2024 HK\$'000	2023 HK\$'000
Deferred tax assets	38,242	–

The movement on deferred tax assets during the year is as follows:

	Depreciation on oil assets HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2023, 31 December 2023 and 1 January 2024	–	–	–
Acquired from acquisition of subsidiaries (Note 33)	39,600	137	39,737
Charged to profit or loss (Note 9)	(1,432)	(63)	(1,495)
At 31 December 2024	38,168	74	38,242

At the end of the reporting period, the Group has estimated tax losses of approximately HK\$123,332,000 (2023: approximately HK\$102,111,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams of respective entities of the Group. Included in the unrecognised tax losses are losses of approximately HK\$8,047,000 (2023: approximately HK\$2,633,000) that will expire by 2029 (2023: 2028). Other losses may be carried forward indefinitely.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to approximately HK\$14,479,000 (2023: approximately HK\$31,153,000) has not been provided for in the consolidated financial statements as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

Except for the above, the Group had no material unrecognised deferred tax liabilities or assets to 31 December 2024 and 31 December 2023.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 31. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.025 each		
Authorised:		
<b>At 1 January 2023, 31 December 2023 and 31 December 2024</b>	<b>4,000,000,000</b>	<b>100,000</b>
Issued and fully paid:		
<b>At 1 January 2023, 31 December 2023 and 31 December 2024</b>	<b>2,123,364,090</b>	<b>53,084</b>

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

The new shares rank pari passu with the existing shares in all respects.

## 32. DISPOSAL OF A SUBSIDIARY IN PRIOR YEAR

### Disposal of Takada Trading Limited

On 12 September 2023, the Group disposed of its entire equity interest (i.e. 100%) in Takada Trading Limited ("Takada").

The net assets of Takada at the date of disposal were as follows:

	At 12 September 2023 HK\$'000
Club membership	1,100
Net assets disposed of	1,100
Gain on disposal	50
Total consideration	1,150
Net cash inflow arising on disposal:	
Cash consideration	1,150
	1,150

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 33. ACQUISITION OF SUBSIDIARIES

On 28 June 2024, the Group acquired the entire issued share capital of Success Plus Global Limited (“Success Plus”) for consideration of US\$9,000,000 (equivalent to approximately HK\$70,200,000) from SH Energy, on that date, control in Success Plus was passed to the Group. This acquisition has been accounted for using the acquisition method. The major asset of Success Plus is the entire participating interest entitled by Pan-China Resources Ltd., a wholly-owned subsidiary of Success Plus under the PSC and the overriding royalty interest in Zhou 13 Block of Daqing Zhaozhou Oilfield of the PRC. Success Plus was acquired to facilitate and resume the development of the Group’s exploration, exploitation and operation of crude oil business.

Consideration transferred:

	HK\$’000
Cash consideration	70,200

The fair value of identifiable assets acquired and liabilities of Success Plus and its subsidiary recognised at the date of acquisition are as follows:

	HK\$’000
Property, plant and equipment (Note 14)	123,512
Deferred tax assets (Note 30)	39,737
Inventories	10,470
Trade receivables	13,616
Other receivables, deposits and prepayments	9,907
Restricted bank deposits	16,194
Bank balances and cash	23,782
Other payables and accrued charges	(77,493)
Provision	(18,726)
Other borrowings	(68,951)
Income tax payable	(1,848)
	70,200

Net cash outflow on acquisition of Success Plus and its subsidiary during the year ended 31 December 2024:

	HK\$’000
Cash and cash equivalents paid	70,200
Less: Cash and cash equivalents balance acquired	(23,782)
	46,418

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 33. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Since the acquisition date, Success Plus has contributed approximately HK\$69,338,000 and approximately HK\$8,414,000 to the Group's revenue and profit for the year of 2024. If the acquisition had occurred on 1 January 2024, the Group's revenue and loss would have been approximately HK\$1,678,785,000 and approximately HK\$314,307,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future performance.

The Group has incurred the acquisition-related costs of approximately HK\$1,007,000 for valuation and due diligence services. The amount has been recognised in the administrative expenses.

## 34. JOINT ARRANGEMENTS

### Joint operations

During the year ended 31 December 2024, the Group obtained a PSC interest as a result of the acquisition of Success Plus (Note 33), which is accounted for joint operation in accordance with HKFRS 11. This PSC establishes joint control over the development and production activities of underlying oilfield. The assets are not owned by a separate legal entity but are controlled by individual participants in the PSC. Each participant of the PSC is entitled to a pre-determined share of the related output and bears an agreed share of the costs in accordance with PSC contract terms. The Group acts as the foreign contractor in the PSC, which is responsible for the development and production activities in accordance with the approved production plans.

#### (a) Kongnan PSC

The Group holds 100% foreign contractor's interest in the Kongnan PSC, with CNPC as the Chinese PSC party. The Kongnan oilfield has commenced commercial production in 2009, and the commercial production period will expire in 2027 upon the expiration of the PSC.

Pursuant to the respective PSC with CNPC, the annual gross production of the crude oil shall, after payment for value added tax, be firstly deemed as the cost recovery oil and shall be used for cost recovery in the following sequence:

- (i) Payment in kind for the operating costs incurred by the foreign contractor and CNPC.
- (ii) The remainder of the cost recovery oil shall, after payment for the operating costs, be deemed as investment recovery oil. Such investment recovery oil shall be used for the simultaneous recovery of the pilot test costs and the development costs incurred by the foreign contractor and pre-development costs spent by CNPC in proportion of 18% by CNPC and 82% by the foreign contractor. The unrecovered costs of the parties shall be carried forward to and recovered from the investment recovery oil in succeeding calendar years until being fully recovered.
- (iii) After all pilot test costs and development costs incurred up to that time have been recovered, the remainder of the gross production of crude oil for that period is referred to as profit oil and shall be allocated in proportion of 51% to 49% between CNPC and the foreign contractor.
- (iv) The operating costs incurred after the commencement of commercial production shall be paid by CNPC (Note 20) and the foreign contractor (Note 25) in accordance with the proportion of oil allocated to each party, respectively.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2024*

## **35. RETIREMENT BENEFIT SCHEMES**

The Group operates a Mandatory Provident Fund Scheme (“MPF Scheme”) under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees’ salaries and are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years at the end of the reporting period.

The Group’s subsidiary operating in Macao, in compliance with the applicable regulations of Macao, participated in a defined contribution pension scheme operated by the local government. The subsidiary is required to contribute a fixed amount for each employee. The only obligation of the Group with respect to the pension scheme is to make the specified contributions.

The Group’s subsidiaries operating in the PRC, in compliance with the applicable regulations of the PRC, participated in central pension schemes operated by the relevant local government authorities. The contribution is borne by the Group on a fixed percentage of the employees’ salaries.

The Group’s subsidiary operating in Singapore, in compliance with the applicable regulations of Singapore, participated in a defined contribution scheme operated by the local government. The subsidiary is required to contribute an amount based on the employees’ salaries.

During the year, the total amount contributed by the Group to these schemes and cost charged represents contribution paid or payable to these schemes by the Group at rates or amount specified in the rules of these schemes. The amount of contributions made by the Group in respect of retirement benefit schemes during the years ended 31 December 2024 and 31 December 2023 is disclosed in Note 10.

The Group has no significant obligation apart from the contribution as above at the end of the reporting period.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 36. SHARE-BASED PAYMENT TRANSACTIONS

### Equity-settled share option schemes

The share option scheme was adopted by an ordinary resolution of the shareholders at annual general meeting of the Company on 15 May 2014 (the "Share Option Scheme"). The Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules and will remain in force for 10 years from 15 May 2014. All outstanding share options granted under the Share Option Scheme were lapsed during the year ended 31 December 2024.

### Share Option Scheme

Under the Share Option Scheme, the Board of Directors might, in its absolute discretion, offer to grant options to any employee, executive and officer of the Group, any director (including non-executive director and independent non-executive director) and any supplier, agent, customer, distributor, business associate or partner, professional, adviser, consultant or contractor, and any shareholder of any member of the Group whom the Board of Directors considered had contributed or would contribute to the Group.

The maximum number of shares in respect of which the options might be granted under the Share Option Scheme must not in aggregate exceed 10% of the total number of shares in issue at the date of approval of the Share Option Scheme. The number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised at any time under the Share Option Scheme should not exceed 30% of the shares in issue of the Company from time to time.

The total number of shares issued and which fell to be issued upon the exercise of the options granted under the Share Option Scheme (including both exercised and outstanding options) to any individual in any 12-month period up to the date of offer to grant should not exceed 1% of the shares of the Company in issue as at the date of offer to grant. Any further grant of options in excess of this 1% limit should be subject to issuance of a circular by the Company and approval by the Company's shareholders in accordance with the Share Option Scheme. Options granted to connected persons in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Subject to the rules of the Share Option Scheme, options might be exercised, in whole or in part, at any time during the period from the date of acceptance of an offer of the grant of such option to the earlier of the date on which such option lapses and the tenth anniversary of the Share Option Scheme. Options granted must be accepted by the prescribed acceptance date. Upon acceptance of the option, the grantee should pay HK\$1 to the Company by way of consideration for the grant.

The exercise price was determined by the directors of the Company, and would not be less than the higher of the nominal value of the share, the closing price of the Company's shares on the date of offer; and the average closing price of the shares for the five business days immediately preceding the date of offer.

On 5 September 2014, a total of 138,000,000 share options were granted to certain independent advisers under the Share Option Scheme entitling the holders thereof to subscribe for shares of the Company at an exercise price of HK\$0.78. The share options granted on 5 September 2014 were fully vested upon the date of grant and are exercisable during the period from 6 September 2014 to 14 May 2024. The estimated fair values of the share options and each share option at the date of grant were HK\$41,372,000 and HK\$0.2998, respectively.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 36. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

### Equity-settled share option schemes (continued)

#### Share Option Scheme (continued)

As the fair value of advisory services provided by the advisers could not be measured reliably, the fair value of the share options was determined using the Black-Scholes pricing model. Where relevant, the expected life used in the model had been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the share option), and behavioural considerations. Expected volatility was based on the historical share price volatility over the past six years upon the listing of the Company's shares on the HKEx. The risk-free interest rate was based on 9.69 years yield of Hong Kong Sovereign Curve at the date of grant.

The variables and assumptions used in computing the fair value of the share options were based on the best estimate of the directors of the Company. The value of an option varied with different variables of certain subjective assumptions.

The following table discloses movements of the Company's share options held by other eligible participants during the years ended 31 December 2023 and 31 December 2024:

#### Share Option Scheme

	Outstanding at 1 January 2023, 31 December 2023 and 1 January 2024	Lapsed during the year	Outstanding at 31 December 2024
Eligible participants			
Others (note)	138,000,000	(138,000,000)	–

*note:* Others represented advisers who had provided advisory services (mainly for business opportunity for trading of crude oil) to the Group.

As at 31 December 2023, all share options under the Share Option Scheme were exercisable. No share options under the Share Option Scheme were exercised during the year ended 31 December 2023. All outstanding share options under the Share Option Scheme were lapsed upon expiry on 14 May 2024.

As at 31 December 2023, the number of shares of the Company in respect of which share options had been granted and remained outstanding under the Share Option Scheme was 138,000,000, representing 6.5% of the shares of the Company in issue at that date.

# Notes to the Consolidated Financial Statements

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## 37. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of bank and other borrowings disclosed in Note 29, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising share capital, share premium, retained profits and other reserves as disclosed in the consolidated statement of changes in equity. The directors of the Company review the capital structure on a continuous basis.

The net debt to equity ratios at the end of the reporting period are as follows:

	2024 HK\$'000	2023 HK\$'000
Bank and other borrowings	335,626	159,892
Cash and cash equivalents	(878,551)	(456,586)
Net debt	(542,925)	(296,694)
Equity attributable to owners of the Company	960,373	1,298,581
Net debt to equity ratio	N/A	N/A

## 38. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount and fair value of financial assets and liabilities:

	Notes	31 December 2024	
		Financial assets at FVTPL HK\$'000	Financial assets at amortised cost HK\$'000
<b>Financial assets</b>			
Trade receivables	20		
Contracts with customers		–	14,016
Lease receivables		–	78
Other receivables and deposits	20	–	9,889
Deposits placed with brokers	22	–	155,448
Restricted bank deposits	23	–	103,166
Bank balances and cash	24	–	878,551
Financial assets at FVTPL	21		
Listed securities held for trading		130	–
Derivative financial instruments	28	3,892	–
		4,022	1,161,148

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 38. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

	Notes	31 December 2024	
		Financial liabilities at FVTPL HK\$'000	Financial liabilities at amortised cost HK\$'000
<b>Financial liabilities</b>			
Other payables	25	–	688,709
Lease liabilities	27	–	2,057
Bank and other borrowings	29	–	335,626
Derivative financial instruments	28	3,844	–
		<b>3,844</b>	<b>1,026,392</b>
	Notes	31 December 2023	
		Financial assets at FVTPL HK\$'000	Financial assets at amortised cost HK\$'000
<b>Financial assets</b>			
Trade receivables	20		
Contracts with customers		–	193,959
Lease receivables		–	2,747
Other receivables and deposits	20	–	5,079
Deposits placed with brokers	22	–	106,239
Pledged bank deposit	23	–	25
Bank balances and cash	24	–	456,586
Financial assets at FVTPL	21		
Unlisted equity investment		50,441	–
Listed securities held for trading		272	–
Derivative financial instruments	28	12,276	–
		<b>62,989</b>	<b>764,635</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 38. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

	Notes	31 December 2023	
		Financial liabilities at FVTPL HK\$'000	Financial liabilities at amortised cost HK\$'000
<b>Financial liabilities</b>			
Trade payables	25	–	2,947
Other payables	25	–	91,068
Lease liabilities	27	–	1,694
Bank and other borrowings	29	–	159,892
Derivative financial instruments	28	12,879	–
		12,879	255,601

### Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

#### (a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and key input(s) used).

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (level 3) is as follows:

Unlisted equity investment	Financial assets at FVTPL HK\$'000
At 1 January 2023	152,564
Change in fair value of financial assets at FVTPL	(102,123)
At 31 December 2023 and 1 January 2024	<b>50,441</b>
Compulsory redemption of financial assets at FVTPL	<b>(50,441)</b>
At 31 December 2024	–

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 38. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

### Fair value measurements of financial instruments (continued)

- (a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Fair value hierarchy at 31 December 2024 and 31 December 2023

	At 31 December 2024			Total HK\$'000
	Level 1 HK\$'000 (note (i))	Level 2 HK\$'000	Level 3 HK\$'000 (note (iii))	
<b>Financial assets</b>				
Financial assets at FVTPL				
Derivative financial instruments (note (ii))	–	3,892	–	3,892
Listed securities held for trading	130	–	–	130
<b>Financial liabilities</b>				
Financial liabilities at FVTPL				
Derivative financial instruments (note (ii))	–	3,844	–	3,844
<b>At 31 December 2023</b>				
	Level 1 HK\$'000 (note (i))	Level 2 HK\$'000	Level 3 HK\$'000 (note (iii))	Total HK\$'000
<b>Financial assets</b>				
Financial assets at FVTPL				
Unlisted equity investment	–	–	50,441	50,441
Derivative financial instruments (note (ii))	–	12,276	–	12,276
Listed securities held for trading	272	–	–	272
<b>Financial liabilities</b>				
Financial liabilities at FVTPL				
Derivative financial instruments (note (ii))	–	12,879	–	12,879

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 38. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

### Fair value measurements of financial instruments *(continued)*

#### (a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(continued)*

*Fair value hierarchy at 31 December 2024 and 31 December 2023 (continued)*

*notes:*

- (i) Quoted bid prices in active markets.
- (ii) Difference between the contracted strike prices and prevailing futures and swap prices or published indexes at the end of each reporting period. Such prevailing futures and swap prices or published indexes are derived from the relevant futures exchanges or prices publication as specified in the contracts.
- (iii) The underlying investment in SH Energy was an oil reserve in the PRC. During the year ended 31 December 2023, the fair value valuation had adopted certain key assumptions provided by management of the Group, including, but not limited to, the validity of the cash flow projection. Other key inputs used in the valuation include average EBITDA margin of 56.3%, post-tax discount rate of 9.8%, discount for lack of marketability of 20.5% and discount for lack of control of 13.3%.

There were no transfers among Level 1, 2 and 3 during the years ended 31 December 2024 and 31 December 2023.

#### (b) Fair values of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group considered that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 38. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

### Financial assets and financial liabilities subject to offsetting enforceable master netting arrangements and similar agreements

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

The amounts recognised for the derivative financial assets, derivative financial liabilities and deposits placed with brokers in relation to futures and swap contracts do not meet the criteria for offsetting in the Group's consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable upon an event of default.

	Gross amounts of recognised financial assets (liabilities) HK\$'000	Gross amounts of recognised financial assets (liabilities) set-off in the consolidated statement of financial position HK\$'000	Net amounts of financial assets (liabilities) presented in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position		
				Financial instruments HK\$'000	Cash collateral HK\$'000	Net amount HK\$'000
<b>At 31 December 2024</b>						
<b>Financial assets</b>						
Deposits placed with brokers	155,448	–	155,448	(3,844)	–	151,604
Derivative financial instruments						
— futures contracts	3,799	–	3,799	–	–	3,799
— swap contracts	93	–	93	–	–	93
<b>Total</b>	<b>159,340</b>	<b>–</b>	<b>159,340</b>	<b>(3,844)</b>	<b>–</b>	<b>155,496</b>
<b>Financial liabilities</b>						
Derivative financial instruments						
— futures contracts	(3,798)	–	(3,798)	3,798	–	–
— swap contracts	(46)	–	(46)	46	–	–
<b>Total</b>	<b>(3,844)</b>	<b>–</b>	<b>(3,844)</b>	<b>3,844</b>	<b>–</b>	<b>–</b>
<b>At 31 December 2023</b>						
<b>Financial assets</b>						
Deposits placed with brokers	106,239	–	106,239	(12,879)	–	93,360
Derivative financial instruments						
— futures contracts	10,412	–	10,412	–	–	10,412
— swap contracts	1,864	–	1,864	–	–	1,864
<b>Total</b>	<b>118,515</b>	<b>–</b>	<b>118,515</b>	<b>(12,879)</b>	<b>–</b>	<b>105,636</b>
<b>Financial liabilities</b>						
Derivative financial instruments						
— futures contracts	(12,879)	–	(12,879)	12,879	–	–
<b>Total</b>	<b>(12,879)</b>	<b>–</b>	<b>(12,879)</b>	<b>12,879</b>	<b>–</b>	<b>–</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 39. FINANCIAL RISK MANAGEMENT

Exposure to market risks, liquidity risk and credit risk arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

### (a) Market risks

#### Interest rate risk

The Group's cash flow interest rate risk primarily relates to its variable-rate deposits placed with brokers, pledged bank deposits, restricted bank deposits and bank balances, as set out in Notes 22, 23 and 24 respectively. The Group manages the interest rate exposure based on the interest rate level as well as potential impact on the Group's results arising from volatility of the interest rate. The management of the Group monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

#### *Sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank balances, restricted bank deposits, pledged bank deposits and deposits placed with brokers and at the end of the reporting period. The analysis is prepared assuming the amount of bank balances, restricted bank deposits, pledged bank deposits and deposits placed with brokers outstanding at the end of the reporting period are outstanding for the whole year. A 10 (2023: 10) basis points increase or decrease is used for bank balances, restricted bank deposits, pledged bank deposits and deposits placed with brokers which represents assessment of reasonably possible changes in interest rates by the management of the Group.

For bank balances, restricted bank deposits, pledged bank deposits and deposits placed with brokers, if the interest rate increases/decreases by 10 (2023: 10) basis points and all other variables are held constant, the Group's loss for the year would decrease/increase by approximately HK\$1,137,000 (2023: approximately HK\$563,000).

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent interest rate risk as exposure at the end of the reporting period does not reflect the exposure during the year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 39. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risks (continued)

#### Currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Functional currency as US\$ against				
RMB	606,293	65,984	624,216	–
Other currencies	1,464	6,291	2,057	6,159

The majority of the Group's sales and purchases are denominated in the functional currency of the Group. Occasionally, some purchases are denominated in foreign currencies.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

For entities with US\$ as functional currency holding monetary assets denominated in HK\$ or vice versa, the directors of the Company consider that, as HK\$ is pegged to US\$, the Group is not subject to significant foreign currency risk from change in foreign exchange rate of HK\$ against US\$ and vice versa.

#### Other price risks

##### (i) Commodity price risk

The Group's derivative financial instruments are measured at fair value provided by financial institutions with reference to the quoted commodity futures prices, commodity indexes or commodity prices publication as specified in the contract.

Therefore, the Group is primarily exposed to commodity price risk and the management of the Group monitors the price movements and takes appropriate actions when it is required.

##### Sensitivity analysis

In relation to derivative financial instruments, if the referenced commodity prices/indexes have been 10% higher/lower and all other variables are held constant, the Group's loss for the year would decrease/increase by approximately HK\$17,000 (2023: approximately HK\$4,853,000). The sensitivity rate of 10% represents assessment of the reasonably possible change in the referenced commodity prices/indexes by the management of the Group.

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent risk of the commodity prices/indexes as the year end exposure does not reflect the exposure during the year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 39. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risks *(continued)*

#### Other price risks *(continued)*

##### (ii) Equity price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL. As at 31 December 2024, the Group's equity price risk is mainly concentrated on equity investments in listed entities operating in oil industry and other industries. The shares of listed entities are quoted in the HKEx and New York Stock Exchange (2023: the HKEx and New York Stock Exchange).

The Group's objective is to earn relatively competitive returns by investing in a diverse portfolio of high quality and liquid securities.

#### Sensitivity analysis

The sensitivity analysis has been determined based on the exposure to equity price risk at the end of the reporting period. If the market prices of the equity securities have been 10% higher/lower and all other variables are held constant, the Group's loss for the year would decrease/increase by approximately HK\$13,000 (2023: approximately HK\$27,000).

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent risk of the equity price as the year end exposure does not reflect the exposure during the year.

### (b) Liquidity risk

In management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

As at 31 December 2024, the Group had available unutilised short-term and long-term bank loan facilities of US\$115,000,000 (equivalent to approximately HK\$897,000,000) and RMB34,406,000 (equivalent to approximately HK\$37,154,000). As at 31 December 2023, the Group had available unutilised short-term bank loan facilities of US\$188,000,000 (equivalent to approximately HK\$1,466,400,000) and RMB172,103,000 (equivalent to approximately HK\$189,913,000).

The following table details the Group's remaining contractual maturities for its financial liabilities based on the agreed repayment dates. For non-derivative liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. For derivative financial instruments settled on a net basis, undiscounted contractual net cash outflow are presented. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management of the Group considers that the contracted maturities are essential for an understanding of the timing of the cash flows of derivative financial instruments.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 39. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Liquidity risk (continued)

To the extent that interests are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective interest rate %	On demand or less than 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
<b>At 31 December 2024</b>							
Non-derivative financial liabilities							
Trade payables	N/A	-	-	-	-	-	-
Other payables	N/A	688,709	-	-	-	688,709	688,709
		688,709	-	-	-	688,709	688,709
Lease liabilities	5.3	969	966	241	-	2,176	2,057
Bank and other borrowings	4.6	27,965	57,930	222,149	88,833	396,877	335,626
Derivative financial instruments							
Futures contracts	N/A	3,798	-	-	-	3,798	3,798
Swap contracts	N/A	46	-	-	-	46	46
<b>At 31 December 2023</b>							
Non-derivative financial liabilities							
Trade payables	N/A	2,947	-	-	-	2,947	2,947
Other payables	N/A	91,068	-	-	-	91,068	91,068
		94,015	-	-	-	94,015	94,015
Lease liabilities	4.5	1,480	252	-	-	1,732	1,694
Bank and other borrowings	4.4	7,423	12,417	103,192	68,988	192,020	159,892
Derivative financial instruments							
Futures contracts	N/A	12,879	-	-	-	12,879	12,879

### (c) Credit risk and impairment assessment

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade and other receivables. The management of the Group has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 39. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Credit risk and impairment assessment *(continued)*

#### Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. To measure ECLs of trade receivables at amortised cost, the Group applies internal credit rating for its customers and they are assessed individually by reference to past default experience, current past due exposure of the debtors and an analysis of the debtors' current financial position.

The Group has concentration of credit risk on the trade receivables. As at 31 December 2024, approximately 98% of the Group's outstanding trade receivables arise from a customer, with good credit rating and no historical loss record. The management of the Group considered the credit risk of such customer is low. As at 31 December 2023, approximately 93% of the Group's outstanding trade receivables arise from a customer, which the Group had instituted legal proceedings against. For details, please refer to Note 20. The five largest customers are large and established trading companies, which purchased crude oil, petroleum products and petrochemicals from the Group during the year. These companies are reputable with good financial backgrounds. The management of the Group closely monitors the subsequent settlement by the customers. At the same time, the management of the Group endeavoured to diversify and expand the customer base in order to mitigate the concentration of credit risk through establishing new business relationships with non state-owned licensed import agents and overseas oil trading companies.

As at 31 December 2024, no significant trade receivables were past due. As at 31 December 2023, significant trade receivables were past due and the management of the Group had performed assessment on the recoverability of the overdue debtor balances as follows:

#### *Past due trade receivable balance*

In November 2020, the Group instituted legal proceedings against a debtor in the PRC to claim for the outstanding balances of approximately US\$83,000,000 (equivalent to approximately HK\$647,647,000) (the "Outstanding Sum") and applied for taking possession of the Debtor's certain physical assets as collateral (the "Collateral"). The Group's claim on the Outstanding Sum and its application for the Collateral were confirmed by Dongying Intermediate People's Court of Shandong Province of the People's Republic of China on 16 November 2020. Based on the decision of Dongying Intermediate People's Court of Shandong Province of the People's Republic of China, the Collateral held by the Group over the Outstanding Sum is deemed to have a market value not less than approximately RMB681,000,000 (equivalent to approximately HK\$808,000,000, with interests on the Outstanding Sum included). In addition to the Collateral, the Outstanding Sum is secured by certain equity interest in the Debtor.

As detailed in Note 20, the Debtor and the Group entered into a debt repayment plan and supplemental modification agreement in 2021 and 2022, respectively. In addition to continuous repayments in accordance with the debt repayment plan, as at 31 December 2024, the Group has received full settlements of principal amount and the accrued interest.

Taking into account of the above-mentioned points, the management of the Group considers that the remaining outstanding balance is not credit-impaired at the end of the reporting period.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 39. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Credit risk and impairment assessment *(continued)*

#### Other financial assets at amortised cost

For other receivables (excluding prepayments), the management of the Group makes periodic individual assessments on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. As at 31 December 2024, management of the Group considered that certain payments in relation to transactions entered into by Strong HK with certain third parties were credit-impaired. For details of the transactions, please refer to Note 1.1(B). As at 31 December 2023, management of the Group considered that no material other receivables were credit-impaired.

The bank balances, restricted bank deposits, pledged bank deposits and deposits placed with brokers are placed in various authorised financial institutions either with high credit ratings or good financial background and the management of the Group considered the credit risk of such authorised financial institutions is low.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables and lease receivables	Other financial assets at amortised cost
Low risk	The counter party has a low risk of default. The balance has not past-due or has past-due but frequently repays after due dates and always settles in full.	Lifetime ECLs (not credit-impaired)	12m ECLs
Watch list	The counterparty does not frequently repay after due dates but usually settle in full.	Lifetime ECLs (not credit-impaired)	12m ECLs
Doubtful	There has been significant increase in credit risk since initial recognition through information developed internally or external sources.	Lifetime ECLs (not credit-impaired)	Lifetime ECLs (not credit-impaired)
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECLs (credit-impaired)	Lifetime ECLs (credit-impaired)
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the company has no realistic prospect of recovery.	Amount is written off	Amount is written off

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 39. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Credit risk and impairment assessment (continued)

#### Other financial assets at amortised cost (continued)

The following table shows the credit risk exposures of the Group's financial asset at amortised cost and lease receivables which are subject to ECLs assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECLs	2024 Gross carrying amounts HK\$'000	2023 Gross carrying amounts HK\$'000
<b>Financial assets at amortised cost</b>						
Trade receivables	20	N/A	Low risk	Lifetime ECLs (not credit-impaired)	14,094	196,706
Other receivables and deposits	20	N/A	Low risk	12m ECLs	9,889	3,831
	20	N/A	Loss	Lifetime ECLs (credit-impaired)	13,754	–
Deposits placed with brokers	22	Aa1–Ba3	N/A	12m ECLs	155,448	106,239
Pledged bank deposits	23	Aa1–Baa2	N/A	12m ECLs	–	25
Restricted bank deposits	23	A1	N/A	12m ECLs	103,166	–
Bank balances	24	Aa1–Baa2	N/A	12m ECLs	878,530	456,578
<b>Other items</b>						
Rent receivable	20	N/A	Low risk	Lifetime ECLs (not-credit impaired)	–	1,248

For the year ended 31 December 2024, expected credit losses had been made on other receivables and deposits. For the year ended 31 December 2023, the Group had no material expected credit losses on its financial assets.

As at 31 December 2024 and 2023, the loss allowance provision for other receivables and deposits reconciles to the opening loss allowance for that provision as follows:

	Other receivables and deposits HK\$'000
At 1 January 2023, 31 December 2023 and 1 January 2024	–
Provision for loss allowance recognised in profit or loss	13,754
At 31 December 2024	13,754

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 40. RELATED PARTY TRANSACTIONS

### (a) Transactions

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following transactions with its related parties during the year:

Name of related party	Nature of transaction	2024 HK\$'000	2023 HK\$'000
Strong Property Limited (note (i))	Rental expenses	1,325	1,988
Beijing Wanhua Real Estate Co., Ltd. (note (ii))	Rental expenses	803	–

notes:

- (i) Strong Property Limited is owned and controlled by Mr. Yao Guoliang, a former executive director of the Company.
- (ii) Mr. Wang Jian Sheng, a former executive director and a current non-executive director of the Company, is a minority shareholder of Beijing Wanhua Real Estate Co., Ltd.

### (b) Compensation of key management personnel

The remuneration of directors of the Company and the other members of key management of the Group during the year are set out in Note 11.

The remuneration of key management personnel is determined by the directors of the Company having regard to the performance of individuals and market trends.

## 41. CAPITAL COMMITMENTS

	2024 HK\$'000	2023 HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	38,794	119,501

## 42. PLEDGE OF ASSETS

The carrying amounts of assets that have been pledged as collaterals to secure certain financial institution facilities are as follows:

	2024 HK\$'000	2023 HK\$'000
Pledged bank deposit	–	25
Right-of-use assets	38,750	60,128
Property, plant and equipment	430,314	37,805
Trade receivables	13,755	–
Other receivables	1,031	–

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table shows changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings HK\$'000 (Note 29)	Accrued interest HK\$'000 (note)	Lease liabilities HK\$'000 (Note 27)	Total HK\$'000
<b>At 1 January 2024</b>	<b>159,892</b>	<b>216</b>	<b>1,694</b>	<b>161,802</b>
Acquired from acquisition of subsidiaries	68,951	239	–	69,190
Changes from financing cash flows:				
Proceed from bank and other borrowings	168,572	–	–	168,572
Repayment of bank and other borrowings	(55,775)	–	–	(55,775)
Repayments of lease liabilities	–	–	(2,122)	(2,122)
Interest paid	–	(12,093)	(175)	(12,268)
Total changes from financing cash flows	112,797	(12,093)	(2,297)	98,407
Other changes:				
Finance costs (before capitalisation)	–	12,491	175	12,666
New leases entered and lease modifications during the year	–	–	5,525	5,525
Termination of a lease	–	–	(2,997)	(2,997)
Foreign exchange translation	(6,014)	(155)	(43)	(6,212)
Total other changes	(6,014)	12,336	2,660	8,982
<b>At 31 December 2024</b>	<b>335,626</b>	<b>698</b>	<b>2,057</b>	<b>338,381</b>

	Bank and other borrowings HK\$'000 (Note 29)	Accrued interest HK\$'000 (note)	Lease liabilities HK\$'000 (Note 27)	Total HK\$'000
<b>At 1 January 2023</b>	–	–	4,514	4,514
Changes from financing cash flows:				
Proceed from bank and other borrowings	159,921	–	–	159,921
Repayments of lease liabilities	–	–	(2,861)	(2,861)
Interest paid	–	(2,473)	(85)	(2,558)
Total changes from financing cash flows	159,921	(2,473)	(2,946)	154,502
Other changes:				
Finance costs (before capitalisation)	–	2,673	85	2,758
Foreign exchange translation	(29)	16	41	28
Total other changes	(29)	2,689	126	2,786
<b>At 31 December 2023</b>	<b>159,892</b>	<b>216</b>	<b>1,694</b>	<b>161,802</b>

note: Accrued interest is included in other payables.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of the financial position of the Company at the end of the reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Interests in subsidiaries	166,962	166,962
Loan to a subsidiary	3,600	11,950
Amounts due from subsidiaries	1,280,209	1,091,029
	<b>1,450,771</b>	1,269,941
Current assets		
Other receivables, deposits and prepayments	75	87
Restricted bank deposits	8,692	–
Bank balances	313	188,351
	<b>9,080</b>	188,438
Current liabilities		
Other payables and accrued charges	6,074	1,913
Amounts due to subsidiaries	408,686	397,984
	<b>414,760</b>	399,897
Net current liabilities	<b>(405,680)</b>	(211,459)
Net assets	<b>1,045,091</b>	1,058,482
Capital and reserves		
Share capital	53,084	53,084
Reserves	992,007	1,005,398
Total equity	<b>1,045,091</b>	1,058,482

Movement in the Company's reserves:

	Share premium HK\$'000	Share-based payments reserve HK\$'000	Contribution surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2023	566,111	50,391	118,111	271,680	1,006,293
Loss and total comprehensive expense for the year	–	–	–	(895)	(895)
At 31 December 2023 and 1 January 2024	566,111	50,391	118,111	270,785	1,005,398
Loss and total comprehensive expense for the year	–	–	–	(13,391)	(13,391)
<b>At 31 December 2024</b>	<b>566,111</b>	<b>50,391</b>	<b>118,111</b>	<b>257,394</b>	<b>992,007</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 45. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

Name of entity	Place of incorporation/ establishment	Principal place of business	Equity interest and voting rights attributable to the Company		Issued and fully paid share capital/ registered capital	Principal activity
			2024 %	2023 %		
Wide Sea International Limited ("Wide Sea")	The BVI	Hong Kong	100	100	US\$2	Investment holding
Saint Ocean Investment Limited ("Saint Ocean")	The BVI	Hong Kong	100	100	US\$2	Investment holding
Strong HK	Hong Kong	Hong Kong	100	100	HK\$150,000,000	Trading of crude oil, petroleum products and petrochemicals
南通潤德石油化工有限公司# Strong Petrochemical (Nantong) Logistics Co., Limited*	The PRC	The PRC	100	100	US\$12,500,000	Provision of petroleum products and petrochemicals storage services
Strong Singapore	Singapore	Singapore	100	100	Singapore Dollar 14,700,000	Trading of crude oil, petroleum products and coal
南通海峽國際貿易有限公司# Nantong Strong International Trading Company Limited*	The PRC	The PRC	100	100	US\$5,000,000	Trading of petroleum products and petrochemicals
海南海峽匯能石油化工有限公司# Hainan Strong Huineng Petrochemical Limited*	The PRC	The PRC	100	100	RMB2,000,000	Trading of petrochemicals
Copower Properties Investments Company Limited	Hong Kong	Hong Kong	100	100	HK\$10,000	Property investment
Strong New Energy Limited	Hong Kong	Hong Kong	60	60	HK\$200,000	Installation and maintenance service of solar energy systems
Pan-China Resources Ltd.	The BVI	The PRC	100	–	US\$334,502.29	Exploration, exploitation and operation of crude oil
Strong Macao	Macao	Macao	100	100	MOP100,000	Trading of crude oil, petroleum products and petrochemicals

The above table lists the principal subsidiaries of the Company which, in the opinion of the directors of the Company, principally affect the results and net assets of the Group. To give full details of subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

All of the subsidiaries are owned indirectly by the Company except for Wide Sea and Saint Ocean which are owned directly by the Company.

\* The English names of these entities established in the PRC are for identification purpose only.

# Wholly foreign owned enterprise registered in the PRC.

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2024*

## **45. PRINCIPAL SUBSIDIARIES (CONTINUED)**

None of the subsidiaries had any debt securities subsisting at the end of the reporting period or at any time during the years ended 31 December 2024 and 31 December 2023.

The PRC subsidiaries maintained RMB denominated bank balances. The remittance of these funds out of the PRC is subject to exchange restriction imposed by the PRC government.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are either investment holding or inactive.

As at 31 December 2024 and 31 December 2023, the Group had no non-wholly owned subsidiary that had material non-controlling interest.

## **46. EVENT AFTER THE END OF THE REPORTING PERIOD**

Save as disclosed elsewhere in these consolidated financial statements, the Group has no material event after the end of the reporting period.