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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

The board of directors (the "Board") of Strong Petrochemical Holdings Limited (the "Company") presents herewith the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2025 (the "Year"), together with the comparative audited figures for the year ended 31 December 2024 as follows:

* *For identification purposes only*

EXTRACTS OF INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2025.

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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 125 to 210, which comprise the consolidated statement of financial position as at 31 December 2025, 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 effects 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 2025, 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 years ended 31 December 2025 and 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 as disclosed in Notes 20B and 25B respectively in the consolidated financial statements. The impairment loss of HK$13,754,000 was recognised in profit or loss for the year ended 31 December 2024.

As mentioned in Note 1.1(B)(IV) and (VI), a refund of HK$650,624,000 to the Customer made in 2025 were offset against deposits received from the Customer included in other payables amounting to HK$628,116,000 as disclosed in Note 25B. An additional impairment loss of HK$22,508,000 was recognised for the netted-off amount and charged to the profit and loss for the year ended 31 December 2025.

As at 31 December 2025, the other receivables of HK$36,262,000 in total was written off and charged to profit or loss and the corresponding accumulated impairment losses was reversed.

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 amounting to HK$13,754,000 and HK$664,378,000 as at 31 December 2024 and 2025 respectively and other payables amounting to HK$628,116,000 and HK$628,116,000 as at 31 December 2024 and 2025 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 are included in Note 1.1(B) "Transactions Related to the Trading of Crude Oil Entered into by Strong Petrochemical Limited ("Strong HK") with Certain Third Parties".

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 and the other payables disclosed in Note 20B and Note 25B respectively to the consolidated financial statements were properly classified and disclosed in the consolidated financial statements, and whether the consolidated financial statements for the years ended 31 December 2025 and 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 bank balances and disclosures

During our audit of the consolidated financial statements for the years ended 31 December 2025 and 2024, we were unable to arrange external confirmations for two banks. The Current BoD 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 2025 and 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 years ended 31 December 2025 and 2024.

(c) Comparability of the current year's figures and corresponding figures in respect of scope limitation on certain trading transactions

As set out in Note 5 to the consolidated financial statements, the Group recorded revenue from trading business of HK$1,514,949,000 and related cost of sales of HK$1,598,068,000 for the year ended 31 December 2024, 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.

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 our report for the year ended 31 December 2024.

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.

We modified our audit opinion on the consolidated financial statements for the year ended 31 December 2024 due to limitations on scope limitation on our work to ascertain certain trading transactions. Our opinion on the consolidated financial statements for the year ended 31 December 2025 is also modified because of the possible effects of this matter on the comparability of the current year's figures and the corresponding figures for the year ended 31 December 2024 in the consolidated statement of profit and loss and other comprehensive income and relevant disclosures.

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 2025 and the Group's financial performance for the year ended 31 December 2025 and the related disclosures in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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.

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 3(i) and critical accounting estimates in Note 4(b), and as set out in Note 14, as at 31 December 2025, the carrying value of the Group's oil properties amounted to HK$64,880,000. 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.	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;

Key audit matter	How our audit addressed the key audit matter
We focused on auditing the impairment assessment of the oil properties as determining the recoverable amount involves high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of oil properties is considered significant due to significant management judgements and assumptions involved in estimating the recoverability of the carrying amount. Given the significant balance of oil properties as at December 31, 2025, together with the considerations mentioned above, we identified this matter as a key audit matter.	• 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.
Impairment assessment of petrochemicals manufacturing plant	
Refer to accounting policy on impairment of non-financial assets in Note 3(i), critical accounting estimates in Note 4(b) 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 2025, the carrying amounts (before impairment loss provided during the year) of the Group's construction in progress, property, plant and equipment, leasehold land (included in right-of-use assets) and pollution discharge rights (included in intangible assets) of HK$5,650,000, HK$431,230,000, HK$38,313,000 and HK$508,000 respectively (collectively, the "Manufacturing Plant Related Assets").	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;

Key audit matter	How our audit addressed the key audit matter
As the petrochemicals manufacture business delivered unsatisfactory operating results following its launch during the year, the management of the Group considered this factor as an impairment indicator and performed an impairment assessment. 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 assessment of the Manufacturing Plant Related Assets as determining of the recoverable amount involves 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 judgements and assumptions involved in estimating the recoverability of the carrying amount. Given the significant balance of Manufacturing Plant Related Assets as at December 31, 2025, together with the considerations mentioned above, we identified this matter as a key audit matter.	• 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.

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 HKSAs 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.

As part of an audit in accordance with HKSAs, 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.

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, 31 July 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2025

	NOTES	**2025** *HK$'000*	2024 *HK$'000*
Revenue	5		
Goods and services		**1,626,049**	1,589,535
Leases		**3,717**	8,533
		1,629,766	1,598,068
Cost of sales		**(1,635,189)**	(1,573,928)
Gross (loss)/profit		**(5,423)**	24,140
Other income	7	**3,779**	15,288
Other gains and losses	7	**14,579**	(11,287)
Impairment loss on property, plant and equipment		**(73,270)**	(158,376)
Impairment loss on right-of-use assets		**(5,390)**	(18,724)
Impairment loss on intangible assets		**(72)**	(89)
Impairment loss on interest in an associate		**–**	(44,976)
Impairment loss under expected credit loss model		**(27,762)**	(13,754)
Gain/(loss) on financial assets at fair value through profit or loss, net	21	**82**	(1,457)
Gain/(loss) on changes in fair value of derivative financial instruments, net		**12,786**	(1,005)
Distribution, selling and operating expenses		**(6,180)**	–
Administrative expenses		**(138,129)**	(86,965)
Other expenses		**(1,699)**	(30,977)
Finance costs	8	**(11,409)**	(2,533)
Share of results of associates	17	**(5,508)**	4,517
Loss before taxation	10	**(243,616)**	(326,198)
Income tax expenses	9	**(2,634)**	(4,085)
Loss for the year		**(246,250)**	(330,283)
Other comprehensive income/(expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**6,897**	(10,661)
Total comprehensive expense for the year		**(239,353)**	(340,944)

	NOTE	**2025** *HK$'000*	2024 *HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(245,254)**	(327,547)
Non-controlling interests		**(996)**	(2,736)
		(246,250)	(330,283)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(238,357)**	(338,208)
Non-controlling interests		**(996)**	(2,736)
		(239,353)	(340,944)
Loss per share	13		
— basic (HK cents)		**(11.55)**	(15.43)
— diluted (HK cents)		**(11.55)**	(15.43)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	**2025** *HK$'000*	2024 *HK$'000*
Non-current assets			
Property, plant and equipment	14	**545,717**	651,332
Right-of-use assets	27	**34,580**	40,759
Other asset	16	**–**	667
Other receivables and deposits	20	**1,272**	1,236
Intangible assets	18	**436**	630
Interests in associates	17	**28,600**	33,299
Deferred tax assets	30	**37,428**	38,242
		648,033	766,165
Current assets			
Inventories	19	**58,064**	108,520
Trade receivables	20	**11,585**	14,094
Other receivables, deposits and prepayments	20	**149,785**	38,688
Income tax recoverables		**318**	1,102
Derivative financial instruments	28	**31,128**	3,892
Financial assets at fair value through profit or loss	21	**211**	130
Deposits placed with brokers	22	**72,772**	155,448
Restricted bank deposits	23	**60,358**	103,166
Bank balances and cash	24	**167,503**	878,551
		551,724	1,303,591
Current liabilities			
Trade payables	25	**3,474**	–
Other payables and accrued charges	25	**72,346**	739,471
Provisions	25	**3,352**	19,599
Contract liabilities	26	**15,826**	9,672
Lease liabilities	27	**987**	886
Bank and other borrowings	29	**35,598**	13,175
Income tax payables		**–**	9
Derivative financial instruments	28	**32,644**	3,844
		164,227	786,656
Net current assets		**387,497**	516,935
Total assets less current liabilities		**1,035,530**	1,283,100

	NOTES	**2025**	2024
		HK$'000	*HK$'000*
Non-current liabilities			
Lease liabilities	27	**255**	1,171
Bank and other borrowings	29	**271,876**	322,451
Provisions	25	**33,833**	3,039
		305,964	326,661
Net assets		**729,566**	956,439
Capital and reserves			
Share capital	31	**53,084**	53,084
Reserves		**682,161**	907,289
Equity attributable to owners of the Company		**735,245**	960,373
Non-controlling interests		**(5,679)**	(3,934)
Total equity		**729,566**	956,439

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company										
	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	Total HK$'000
At 1 January 2024	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
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(245,254)**	**(245,254)**	**(996)**	**(246,250)**
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**6,897**	**–**	**–**	**6,897**	**–**	**6,897**
Total comprehensive income/(expense) for the year	**–**	**–**	**–**	**–**	**–**	**6,897**	**–**	**(245,254)**	**(238,357)**	**(996)**	**(239,353)**
Deemed disposal of partial interests in subsidiaries (Note 44)	**–**	**–**	**–**	**–**	**–**	**–**	**13,229**	**–**	**13,229**	**(749)**	**12,480**
	–	**–**	**–**	**–**	**–**	**–**	**13,229**	**–**	**13,229**	**(749)**	**12,480**
At 31 December 2025	**53,084**	**566,111**	**(2,000)**	**7,106**	**50,391**	**(33,099)**	**25,524**	**68,128**	**735,245**	**(5,679)**	**729,566**

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").

(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 discretional 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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	NOTES	**2025** *HK$'000*	2024 *HK$'000*
OPERATING ACTIVITIES			
Loss before taxation		**(243,616)**	(326,198)
Adjustments for:			
Bank interest income	7	**(1,014)**	(7,161)
Interest income from deposits placed with brokers	7	**(454)**	(534)
Finance costs	8	**11,409**	2,533
Depreciation of property, plant and equipment	10	**80,148**	37,275
Depreciation of investment properties	10	**–**	4,949
Depreciation of right-of-use assets	10	**1,757**	3,547
Amortisation of intangible assets	10	**137**	52
Loss on disposal of other assets		**667**	–
Losses on disposal of property, plant and equipment	7	**44**	954
(Gain)/loss on financial assets at fair value through profit or loss, net		**(82)**	1,457
Provision for write down of inventories	10	**5,622**	6,018
Written-off of rent receivable	7	**–**	140
Gain on termination of a lease	7	**–**	(40)
Impairment loss on property, plant and equipment		**73,270**	158,376
Impairment loss on right-of-use assets		**5,390**	18,724
Impairment loss on intangible assets		**72**	89
Impairment loss on interest in an associate		**–**	44,976
Impairment loss on other receivables		**27,762**	13,754
Share of results of associates	17	**5,508**	(4,517)
Operating cash flows before movements in working capital		**(33,380)**	(45,606)
Changes in working capital:			
Inventories		**46,652**	(96,239)
Trade receivables		**2,527**	195,996
Other receivables, deposits and prepayments		**(767,456)**	(22,543)
Restricted bank deposits		**52,557**	(82,473)
Trade payables		**3,474**	(2,928)
Other payables and accrued charges		**(26,367)**	607,642
Provision		**14,547**	3,912
Contract liabilities		**5,831**	8,032
Derivative financial instruments		**1,564**	(651)
Cash generated from operations		**(700,051)**	565,142
Bank charges		**–**	(340)
Income tax paid, net		**(1,066)**	(6,130)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		**(701,117)**	558,672

	NOTES	**2025** *HK$'000*	2024 *HK$'000*
INVESTING ACTIVITIES			
Decrease/(increase) in deposits placed with brokers		**82,676**	(49,209)
Proceed from disposal of property, plant and equipment		**12**	49
Proceed from disposal of financial assets at fair value through profit or loss		**–**	49,009
Payments for acquisition of property, plant and equipment		**(46,959)**	(187,450)
Payments for acquisition of intangible assets		**–**	(791)
Withdrawal of pledged bank deposits		**–**	25
Addition of restricted bank deposits		**(9,749)**	(4,499)
Refund from non-controlling shareholder of a subsidiary		**4**	–
Dividend received from financial assets at fair value through profit or loss		**117**	–
Interest received		**1,468**	7,695
Net cash outflow from acquisition of subsidiaries	32	**–**	(46,418)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		**27,569**	(231,589)
FINANCING ACTIVITIES			
Proceeds from bank and other borrowings	42	**10,966**	168,572
Proceeds from shareholder loans	42	**10,000**	–
Repayments of bank and other borrowings	42	**(34,319)**	(55,775)
Repayments of shareholder loans	42	**(10,000)**	–
Repayments of lease liabilities	42	**(924)**	(2,122)
Interest paid	42	**(14,815)**	(12,268)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		**(39,092)**	98,407
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(712,640)**	425,490
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**878,551**	456,586
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**1,592**	(3,525)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTING BANK BALANCES AND CASH		**167,503**	878,551

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

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 Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and 19th Floor, Heng Shan Centre, 145 Queen's Road East, Wan Chai, Hong Kong, respectively.

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 and petrochemicals, provision of petroleum products and petrochemicals storage services, exploration, exploitation and operation of crude oil and manufacture of petrochemicals. Details of the principal subsidiaries of the Company are set out in Note 44.

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.

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 also 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 in 2024 annual 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 have been in the Original Office were missing. With effect on the same date, the address of the 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 44.

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 years ended 31 December 2024 and 2025.

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 that 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 purchase contracts from the supplier and the customer to verify the transactions.

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 cruel 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 US$840,000 and RMB3,058,000 (totally 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

— Filing of a provision invoice of approximately RMB380,188,000 and RMB198,933,000 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 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:

(a) 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.

(b) Strong HK instructed Strong Singapore to repay the Loans of RMB507,000,000, US$10,000,000 and US$4,000,000 respectively to the Customer "to offset the contract refund" of the Sales Contracts.

Between January 2025 and 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.

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 up to 31 December 2024 and refunds of HK$650,624,000 (2024: HK$Nil) in January to March 2025 to the Customer approved by two ex-directors (and/or their agents) without the knowledge or approval of the board of directors of Strong HK. Such payments and refunds 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, based on the information obtained up to date of authorisation for issue of these consolidated financial statements, the Current Management believes that the receipts and payments as mentioned in Notes 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 the consolidated financial statements for the year ended 31 December 2024. 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) and (VI) above, refunds of HK$650,624,000 to the Customer made in 2025 were offset against deposits received from the Customer included in other payables amounting to HK$628,116,000 as disclosed in Note 25B. An additional impairment loss of HK$22,508,000 was recognised for the netted-off amount and charged to the profit or loss for the year ended 31 December 2025.

As at 31 December 2025, other receivables of HK$36,262,000 in total was written off and charged to profit or loss and the corresponding accumulated impairment losses was reversed.

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 21 and HKFRS 1	Lack of Exchangeability

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

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual periods beginning on or after 1 January 2027
3 Effective for annual periods beginning on or after a date to be determined

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.

(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.

(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.

(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.

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.

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.

(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.

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.

(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 and petrochemicals. 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 2025, the Group recognised revenue from trading of commodities amounting to approximately HK$1,308,322,000 (2024: approximately HK$1,514,949,000).

(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 38.

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:

- 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.

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, 2025, the carrying amounts of oil properties are approximately HK$64,879,000 (2024: HK$100,095,000).

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 2025, the carrying amount of provision for asset retirement obligations is approximately HK$34,451,000 (2024: HK$22,638,000).

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

Segments			For the year ended 31 December 2025		
	Trading business *HK$'000*	Storage business *HK$'000*	Exploration, exploitation and operation of crude oil business *HK$'000*	Petrochemicals manufacture business *HK$'000*	Total *HK$'000*
Types of goods or services in respect of contracts with customers					
Trading of commodities					
Crude oil	313,960	–	–	–	313,960
Petroleum products	60,499	–	–	–	60,499
Petrochemicals	933,863	–	–	–	933,863
	1,308,322	–	–	–	1,308,322
Storage and other ancillary services for petroleum products and petrochemicals					
General storage services	–	1,773	–	–	1,773
Other ancillary services	–	1,800	–	–	1,800
	–	3,573	–	–	3,573
Exploration, exploitation and operation of crude oil					
Sales of crude oil	–	–	121,028	–	121,028
Petrochemicals manufacture business					
Petrochemicals	–	–	–	193,126	193,126
Total	1,308,322	3,573	121,028	193,126	1,626,049
Geographical markets					
The PRC	1,308,322	3,573	121,028	193,126	1,626,049
Other regions	–	–	–	–	–
Total	1,308,322	3,573	121,028	193,126	1,626,049
Timing of revenue recognition					
A point in time	1,308,322	–	121,028	193,126	1,622,476
Over time	–	3,573	–	–	3,573
Total	1,308,322	3,573	121,028	193,126	1,626,049

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

(ii) Performance obligations for contracts with customers

Trading of commodities

The Group recognises revenue from the sale of crude oil, petroleum products and petrochemicals 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 and petrochemicals 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.

Petrochemicals manufacture business

The Group recognises revenue from the manufacture and sale of petrochemicals 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 customer's premises, designated warehouse, or other agreed delivery point under the sales contract. The quantity of petrochemicals specified in each 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 of the benefits from the goods. The sales price is determined in accordance with contractual terms, with reference to prevailing market prices or agreed pricing formulae.

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.

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.

(iv) Leases

	2025	2024
	HK$'000	*HK$'000*
For operating leases:		
Lease income that is fixed or depends on a rate	**3,717**	8,533

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

	2025	2024
	HK$'000	*HK$'000*
Trading business	**1,308,322**	1,514,949
Storage business	**3,573**	5,248
Exploration, exploitation and operation of crude oil business	**121,028**	69,338
Petrochemicals manufacture business	**193,126**	–
Revenue from contracts with customers	**1,626,049**	1,589,535
Leases	**3,717**	8,533
Total revenue	**1,629,766**	1,598,068

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, petroleum products and petrochemicals);

(ii) Storage business (provision of general storage and other ancillary services in respect of petroleum products and petrochemicals);

(iii) Exploration, exploitation and operation of crude oil business (participation in and operation of crude oil production activities under the PSC); and

(iv) Petrochemicals manufacture business (comprising the production and sale of petrochemicals manufactured by the Group).

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 2025

	Trading business *HK$'000*	Storage business *HK$'000*	Exploration, exploitation and operation of crude oil business *HK$'000*	Petrochemicals manufacture business *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Revenue from contracts with customers	1,308,322	3,573	121,028	193,126	–	1,626,049
Leases	–	3,717	–	–	–	3,717
Inter-segment other ancillary services *(note (ii))*	–	62	–	–	(62)	–
Inter-segment lease *(note (ii))*	–	1,544	–	–	(1,544)	–
Total revenue	1,308,322	8,896	121,028	193,126	(1,606)	1,629,766
Segment results	(4,172)	(1,656)	18,563	(142,150)		(129,415)
Share of results of associates						(5,508)
Impairment loss on property, plant and equipment						(11,827)
Impairment loss under expected credit loss model						(27,762)
Gain on financial assets at FVTPL, net						82
Unallocated finance costs						(1,534)
Unallocated income and gains						16,639
Unallocated expenses and losses *(note (iii))*						(84,291)
Loss before taxation						(243,616)

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)	–
Total revenue	1,581,597	13,907	69,338	(66,774)	1,598,068
Segment results	(48,866)	(63,507)	9,741		(102,632)
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)
Loss before taxation					(326,198)

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 auditor's remuneration, legal and professional fee, certain depreciation of property, plant and equipment and administrative costs of the headquarter (2024: depreciation of investment properties and administrative costs of the headquarter).

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 2025

	Trading business *HK$'000*	Storage business *HK$'000*	Exploration, exploitation and operation of crude oil business *HK$'000*	Petrochemicals manufacture business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Interest income (included in other income)	**260**	**26**	**39**	**81**	**1,062**	**1,468**
Depreciation of property, plant and equipment	**(20)**	**(1,668)**	**(39,787)**	**(29,735)**	**(8,938)**	**(80,148)**
Depreciation of right-of-use assets	**(898)**	**(17)**	**–**	**(842)**	**–**	**(1,757)**
Amortisation of intangible assets	**–**	**–**	**–**	**(137)**	**–**	**(137)**
Gain on changes in fair value of derivative financial instruments, net	**12,786**	**–**	**–**	**–**	**–**	**12,786**
Finance costs	**(144)**	**(21)**	**(1,006)**	**(8,704)**	**(1,534)**	**(11,409)**
Impairment loss on property, plant and equipment	**–**	**–**	**–**	**(61,443)**	**(11,827)**	**(73,270)**
Impairment loss on right-of-use assets	**–**	**–**	**–**	**(5,390)**	**–**	**(5,390)**
Impairment loss on intangible assets	**–**	**–**	**–**	**(72)**	**–**	**(72)**

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)

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 2025

	Trading business *HK$'000*	**Storage business** *HK$'000*	**Exploration, exploitation and operation of crude oil business** *HK$'000*	**Petrochemicals manufacture business** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Additions to non-current assets	**31**	**908**	**4,452**	**26,865**	**4,984**	**37,240**

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

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)*	
	2025	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**–**	–	**20,464**	18,286
The PRC	**1,629,766**	1,465,374	**508,275**	139,080
Singapore	**–**	66,046	**1,130**	2,015
Malaysia	**–**	66,648	**–**	–
	1,629,766	1,598,068	**529,869**	159,381

note: The non-current assets for the purpose of geographical information excluded deferred tax assets, rental deposit and certain property, plant and equipment (2024: excluded deferred tax assets, other asset, 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")).

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:

	2025	2024
	HK$'000	*HK$'000*
Customer A	**–**	293,499
Customer B	**349,914**	–
Customer C	**171,243**	239,032
Customer D	**–**	174,636
Customer E	**313,960**	–

7. OTHER INCOME AND OTHER GAINS AND LOSSES

A. Other income

	2025	2024
	HK$'000	*HK$'000*
Bank interest income	**1,014**	7,161
Interest income from deposits placed with brokers	**454**	534
Rental income	**11**	1,557
Government grants	**630**	1,222
Service income *(note (i))*	**170**	3,011
Others *(note (ii))*	**1,500**	1,803
	3,779	15,288

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 2025, others mainly comprised crude oil royalty income of approximately HK$258,000 (2024: approximately HK$405,000), management fee income of approximately HK$1,050,000 (2024: approximately HK$426,000) and recovered written-off insurance claims amounted to nil (2024: approximately HK$747,000).

B. Other gains and losses

	2025	2024
	HK$'000	*HK$'000*
Losses on disposal of property, plant and equipment	**(44)**	(954)
Written-off of rent receivable	**–**	(140)
Net foreign exchange gains/(losses)	**13,642**	(11,497)
Gain on termination of a lease	**–**	40
Others	**981**	1,264
	14,579	(11,287)

8. FINANCE COSTS

	2025	2024
	HK$'000	*HK$'000*
Bank charges on letter of credit facilities	**–**	340
Interest on bank and other borrowings	**14,253**	12,491
Interest on lease liabilities	**86**	175
Interest on shareholders loans	**74**	–
Less: capitalised finance costs *(note)*	**(3,004)**	(10,473)
	11,409	2,533

note: Specific borrowing costs of approximately HK$3,004,000 (2024: approximately HK$10,473,000) that were directly attributable to the construction of the Fujian Plant, which was regarded as the qualifying asset, were capitalised.

9. INCOME TAX EXPENSES

Income tax expenses in the consolidated statement of profit or loss and other comprehensive income represent:

	2025	2024
	HK$'000	*HK$'000*
Current tax		
Enterprise Income Tax ("EIT") in the PRC *(note (i))*	**2,502**	1,004
Deferred tax		
Origination of temporary differences (Note 30)	**814**	1,495
(Over-)/under-provision of taxation in prior year		
EIT in the PRC *(note (i))*	**(756)**	1,522
Singapore Corporate Income Tax *(note (ii))*	**74**	64
	(682)	1,586
	2,634	4,085

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 exceeds 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 ended 31 December 2024 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.

The income tax expenses 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:

	2025			2024		
	Singapore	**The PRC (including Hong Kong and Macao)**	**Total**	Singapore	The PRC (including Hong Kong and Macao)	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Loss before taxation	**(14,966)**	**(228,650)**	**(243,616)**	(35,084)	(291,114)	(326,198)
Taxation at the domestic rate applicable to profits in the country concerned	**(2,544)**	**(47,630)**	**(50,174)**	(5,964)	(47,605)	(53,569)
Tax effect of income not taxable for tax purpose	**(2)**	**(2,171)**	**(2,173)**	–	(2,208)	(2,208)
Tax effect of expenses not deductible for tax purpose	**829**	**35,715**	**36,544**	5,360	49,144	54,504
Tax effect of share of results of associates	**–**	**909**	**909**	–	(745)	(745)
Utilisation of tax losses previously not recognised	**–**	**(2,798)**	**(2,798)**	–	(386)	(386)
Tax effect of tax losses not recognised	**1,701**	**19,809**	**21,510**	–	4,440	4,440
Effect of income tax on a concessionary rate in Singapore and the PRC and tax exemption	**–**	**–**	**–**	–	(839)	(839)
Withholding tax paid in respect of dividend declared by subsidiaries in the PRC *(note)*	**–**	**–**	**–**	–	1,023	1,023
(Over-)/under-provision in prior year	**74**	**(756)**	**(682)**	64	1,522	1,586
Others	**16**	**(518)**	**(502)**	605	(326)	279
Income tax expenses for the year	**74**	**2,560**	**2,634**	65	4,020	4,085

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

10. LOSS BEFORE TAXATION

Loss before taxation is arrived after charging/(crediting):

	2025	2024
	HK$'000	*HK$'000*
Auditor's remuneration		
Audit services	**6,351**	6,310
Non-audit services	**–**	230
	6,351	6,540
Depreciation of property, plant and equipment		
Included in cost of sales	**70,872**	30,995
Others	**9,276**	6,280
	80,148	37,275
Depreciation of investment properties	**–**	4,949
Depreciation of right-of-use assets	**1,757**	3,547
Amortisation of intangible assets	**137**	52
Net foreign exchange (gains)/losses	**(13,642)**	11,497
Directors' emoluments (Note 11)	**3,310**	2,420
Other staff costs		
Salaries, bonus and other allowances		
Included in cost of sales	**15,947**	5,055
Others	**32,934**	27,932
Retirement benefit schemes contributions		
Included in cost of sales	**2,596**	1,068
Others	**2,215**	1,442
	57,002	37,917
Cost of inventories recognised as an expense (included in cost of sales)	**1,622,230**	1,500,607
Provision for write down of inventories	**5,622**	6,018

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

The emoluments paid or payable to each of the thirteen (2024: nine) directors of the Company, including the chief executive, are as follows:

	Executive directors						Non-executive directors		Independent non-executive directors								
	Wang Pang Paul *HK$'000* *(note i)*	Cao Xinzhong *HK$'000* *(note i)*	Wang Jian Sheng *HK$'000* *(note ii)*	Yao Guoliang *HK$'000* *(note iii)*	Ma Yi *HK$'000* *(note iv)*	Tan Xiao *HK$'000* *(note v)*	Wang Jian Sheng *HK$'000* *(note ii)*	Guo Yan Jun *HK$'000* *(note vi)*	Chan Yee Kwong *HK$'000* *(note vii)*	Deng Heng *HK$'000* *(note viii)*	Cheung Siu Wan *HK$'000* *(note vii)*	Jiao Jie *HK$'000* *(note ix)*	Lai Wai Chi *HK$'000* *(note ix)*	Wang Qihong *HK$'000* *(note x)*	Lu Guoyang *HK$'000* *(note x)*	Tam Yuk Yu *HK$'000* *(note x)*	Total *HK$'000*
Fees	**1,123**	**561**	**–**	**–**	**–**	**–**	**168**	**81**	**–**	**–**	**–**	**–**	**–**	**168**	**168**	**168**	**2,437**
Other emoluments:	**17**	**–**	**–**	**–**	**253**	**603**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**873**
Salaries and other benefits	**–**	**–**	**–**	**–**	**126**	**101**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**227**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Sign-on bonus	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Discretionary bonus	**–**	**–**	**–**	**–**	**125**	**500**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**625**
Contributions to retirement benefits schemes	**17**	**–**	**–**	**–**	**2**	**2**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**21**
Total emoluments for the year ended 31 December 2025	**1,140**	**561**	**–**	**–**	**253**	**603**	**168**	**81**	**–**	**–**	**–**	**–**	**–**	**168**	**168**	**168**	**3,310**
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
Total emoluments for the year ended 31 December 2024	–	–	–	–	1,257	406	–	–	123	240	148	123	123	–	–	–	2,420

notes:

(i) Dr. Wang Pang Paul and Mr. Cao Xinzhong were appointed as executive directors of the Company on 25 January 2025.

(ii) Mr. Wang Jian Sheng was redesignated to the position of non-executive director of the Company on 25 January 2025.

(iii) 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.

(iv) 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.

(v) 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.

(vi) Mr. Guo Yan Jun was appointed as non-executive director of the Company on 25 January 2025 and resigned on 8 July 2025.

(vii) Prof. Chan Yee Kwong and Ms. Cheung Siu Wan resigned as independent non-executive directors of the Company on 25 October 2024.

(viii) Mr. Deng Heng was removed from the position of independent non-executive director of the Company on 25 January 2025.

(ix) Ms. Jiao Jie and Mr. Lai Wai Chi were appointed as independent non-executive directors of the Company on 25 October 2024 and removed from the position of independent non-executive directors of the Company on 25 January 2025.

(x) Mr. Wang Qihong, Dr. Lu Guoyang and Ms. Tam Yuk Yu were appointed as independent non-executive directors 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.

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

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

During the year ended 31 December 2025, no emoluments have been paid by the Group to the directors of the Company as an inducement to join or upon joining the Group (2024: HK$750,000). 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 2025, of the five individuals with the highest emoluments in the Group, none (2024: one) of them is the director of the Company. The emoluments of these five (2024: five) individuals are as follows:

	2025	2024
	HK$'000	*HK$'000*
Salaries and other benefits	**8,427**	8,842
Sign-on bonus	**350**	750
Discretionary bonus	**4,063**	1,695
Long service payment	**–**	185
Contributions to retirement benefits schemes	**283**	160
	13,123	11,632

Their emoluments were within the following bands:

	2025 Number of employees	2024 Number of employees
HK$1,000,001 to HK$1,500,000	**1**	3
HK$1,500,001 to HK$2,000,000	**2**	–
HK$2,000,001 to HK$2,500,000	**–**	1
HK$4,500,001 to HK$5,000,000	**1**	–
HK$5,000,001 to HK$5,500,000	**–**	1
HK$8,000,001 to HK$8,500,000	**1**	–

During the year ended 31 December 2025, emoluments of HK$350,000 have been paid to one of the five employees with the highest emoluments as an inducement to join or upon joining the Group (2024: HK$750,000). Emoluments of approximately HK$1,147,000 have been paid by the Group to one of the five employees with the highest emoluments as compensation for loss of office (2024: approximately HK$282,000).

12. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2025, nor has any dividend been proposed since the end of the reporting period. Interim dividend of approximately HK$169.9 million, equivalent to HK$0.08 per share, was declared by the Company to the shareholders of the Company during the year ended 31 December 2024.

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:

	2025 *HK$'000*	2024 *HK$'000*
Loss		
Loss for the purposes of calculating basic and diluted loss per share		
Loss for the year attributable to owners of the Company	**(245,254)**	(327,547)

	2025	2024
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**2,123,364,090**	2,123,364,090

For the years ended 31 December 2025 and 2024, 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.

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
COST										
At 1 January 2024	–	1,698	85,693	1,827	33,705	1,300	2,875	3,705	381,454	512,257
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 32)	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)
At 31 December 2024 and 1 January 2025	125,768	216,224	83,859	802	48,446	1,367	3,062	3,859	495,909	979,296
Additions	**–**	**–**	**54**	**–**	**3,863**	**72**	**316**	**925**	**32,010**	**37,240**
Disposals	**–**	**–**	**–**	**–**	**(29)**	**(417)**	**(358)**	**(60)**	**–**	**(864)**
Transfer	**4,417**	**179,903**	**3,017**	**–**	**345,977**	**168**	**735**	**458**	**(534,675)**	**–**
Exchange realignment	**–**	**–**	**2,119**	**–**	**735**	**14**	**49**	**39**	**12,406**	**15,362**
At 31 December 2025	**130,185**	**396,127**	**89,049**	**802**	**398,992**	**1,204**	**3,804**	**5,221**	**5,650**	**1,031,034**
ACCUMULATED DEPRECIATION										
At 1 January 2024	–	1,634	43,474	698	20,222	747	1,846	3,017	–	71,638
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)
At 31 December 2024 and 1 January 2025	25,673	44,120	46,527	427	21,679	863	2,137	3,252	–	144,678
Provided for the year	**39,633**	**12,402**	**1,333**	**245**	**25,455**	**197**	**452**	**431**	**–**	**80,148**
Eliminated on disposals	**–**	**–**	**–**	**–**	**(27)**	**(405)**	**(319)**	**(56)**	**–**	**(807)**
Transfer	**–**	**–**	**–**	**–**	**(148)**	**81**	**5**	**62**	**–**	**–**
Exchange realignment	**–**	**67**	**1,193**	**–**	**751**	**8**	**35**	**28**	**–**	**2,082**
At 31 December 2025	**65,306**	**56,589**	**49,053**	**672**	**47,710**	**744**	**2,310**	**3,717**	**–**	**226,101**
ACCUMULATED IMPAIRMENT										
At 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
At 31 December 2024 and 1 January 2025	–	74,254	35,855	–	11,617	–	–	–	61,560	183,286
Impairment loss recognised	**–**	**32,867**	**–**	**–**	**39,608**	**–**	**–**	**–**	**795**	**73,270**
Eliminated on disposal	**–**	**–**	**–**	**–**	**(1)**	**–**	**–**	**–**	**–**	**(1)**
Transfer	**–**	**21,204**	**2,347**	**–**	**39,544**	**–**	**–**	**–**	**(63,095)**	**–**
Exchange realignment	**–**	**–**	**906**	**–**	**220**	**–**	**–**	**–**	**1,535**	**2,661**
At 31 December 2025	**–**	**128,325**	**39,108**	**–**	**90,988**	**–**	**–**	**–**	**795**	**259,216**
CARRYING AMOUNT										
At 31 December 2025	**64,879**	**211,213**	**888**	**130**	**260,294**	**460**	**1,494**	**1,504**	**4,855**	**545,717**
At 31 December 2024	100,095	97,850	1,477	375	15,150	504	925	607	434,349	651,332

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%–$33^{1}/_{3}$%
Furniture and fixtures	20%–$33^{1}/_{3}$%
Office equipment	19%–$33^{1}/_{3}$%
Motor vehicles	$9^{1}/_{2}$%–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 ended 31 December 2024, 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.

Impairment assessment of Fujian Plant

For the year ended 31 December 2025, in view of the unsatisfactory results of its petrochemicals manufacture business, the management of the Group carried out an impairment assessment on the carrying amount of Fujian Plant 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 2025, construction in progress, properties, plant and machinery, leasehold land and pollution discharge right relating to the Fujian Plant of approximately HK$5,650,000 (2024: approximately HK$491,051,000), approximately HK$152,476,000 (2024: Nil), approximately HK$278,754,000 (2024: Nil), approximately HK$38,313,000 (2024: approximately HK$43,593,000) and approximately HK$508,000 (2024: approximately HK$719,000) 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 14.0% (2024: 14.8%) terminal growth rate of 2.0% (2024: 2.0%), which does not exceed the long-term average growth rate for the petrochemicals manufacturing industry, and utilisation rate of the Fujian Plant ranging from 73.6% to 90.0% (2024: 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 2025, the recoverable amount of the Manufacturing Plant Related Assets is less than its carrying amount. Accordingly, impairment loss of approximately HK$66,905,000 on the Manufacturing Plant Related Assets was recognised for the year ended 31 December 2025 (2024: approximately HK$66,219,000).

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:

	Assessment performed on 31 December 2025	Assessment performed on 31 December 2024
Period of projection	2026–2027	2025–2027
Crude oil prices (US$/bbl)	63.51 to 64.81	72.81 to 75.80
Production volumes for the remaining contract period (Mbbl)	688,831	1,135,804
Inflation rate (p.a.)	2.0%	2.0%
Pre-tax discount rate (p.a.)	18.3%	20.4%

For the year ended 31 December 2025, the recoverable amount of the oil properties is approximately HK$84,915,000 (2024: approximately HK$107,789,000). Based on the assessment, the Group does not recognise impairment loss on oil properties for the year ended 31 December 2025 (2024: Nil).

Impairment assessment of storage tanks

For the year ended 31 December 2025, 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 2025, plant and machinery and storage tank of approximately HK$888,000 (2024: approximately HK$9,074,000) and approximately HK$440,000 (2024: approximately HK$37,332,000) were respectively recorded in property, plant and equipment, and leasehold land of approximately HK$546,000 (2024: approximately HK$13,881,000) was recorded in right-of-use assets (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 12.4% (2024: 10.4%) and terminal growth rate of 2.0% (2024: 2.0%), which does not exceed the long-term average growth rate for the storage industry.

For the year ended 31 December 2025, the recoverable amount of the Storage Business Related Assets is approximately HK$2,940,000 (2024: approximately HK$2,385,000). Based on the assessment, the Group does not recognise impairment loss on the Storage Business Related Assets for the year ended 31 December 2025 (2024: impairment loss of approximately HK$57,902,000).

Impairment assessment of solar energy system

For the year ended 31 December 2025, 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 2025, construction in progress amounted to nil (2024: approximately HK$4,858,000) and plant and machinery of approximately HK$20,877,000 (2024: approximately HK$17,142,000) 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 9.6% (2024: 10.2%) and terminal growth rate of 2.5% (2024: 2.5%), 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 2025 and, accordingly, an impairment loss on the solar energy system of approximately HK$413,000 was recognised for the year ended 31 December 2025 (2024 approximately HK$3,724,000).

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 -14.0% to 8.8% (2024: from -18.8% to 10.7%). Impairment loss of approximately HK$11,414,000 on the commercial property and car park spaces was recognised for the year ended 31 December 2025 (2024: approximately HK$49,344,000).

As at 31 December 2025, fair value of the commercial property and car park spaces amounted to approximately HK$80,190,000 (2024: approximately 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.

15. INVESTMENT PROPERTIES

	HK$'000
COST	
At 1 January 2024	214,526
Transfer to property, plant and equipment (Note 14)	(214,526)
At 31 December 2024, 1 January 2025 and 31 December 2025	–
ACCUMULATED DEPRECIATION	
At 1 January 2024	33,558
Provided for the year	4,949
Transfer to property, plant and equipment (Note 14)	(38,507)
At 31 December 2024, 1 January 2025 and 31 December 2025	–
ACCUMULATED IMPAIRMENT	
At 1 January 2024	24,910
Transfer to property, plant and equipment (Note 14)	(24,910)
At 31 December 2024, 1 January 2025 and 31 December 2025	–
CARRYING AMOUNT	
At 31 December 2024 and 31 December 2025	–

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.

During the year ended 31 December 2024, 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.

During the year ended 31 December 2024, approximately HK$1,557,000 was recognised in the consolidated statement of profit or loss and other comprehensive income in relation to rental income from the investment properties.

16. OTHER ASSET

As at 31 December 2024, the amount represented an art work that was carried at cost.

17. INTERESTS IN ASSOCIATES

	2025	2024
	HK$'000	*HK$'000*
Cost of interests in associates, unlisted	**129,751**	129,751
Share of post-acquisition results, net of dividend	**(53,961)**	(48,453)
Less: Impairment loss recognised	**(49,385)**	(49,385)
Exchange realignment	**2,195**	1,386
	28,600	33,299

As at 31 December 2025 and 2024, 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**
			2025	2024	**2025**	2024	
					%	%	
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	The 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	The 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.

Impairment assessment on the material associate

Sinochem Port

For the year ended 31 December 2025, as Sinochem Port has reported unsatisfactory results since losing two major customers in 2024, 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 and 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 60.1% to 64.0% (2024: from 45.7% to 54.3%), pre-tax discount rate of 11.8% (2024: 11.7%) and terminal growth rate of 2.0% (2024: 2.0%), which does not exceed the long-term average growth rate for the storage industry.

For the year ended 31 December 2025, the recoverable amount of Sinochem Port is approximately HK$30,280,000 (2024: approximately HK$33,299,000). Based on the assessment, the Group does not recognise impairment loss on the interest in an associate for the year ended 31 December 2025 (2024: impairment loss of approximately HK$44,976,000).

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

	2025 ***HK$'000***	2024 *HK$'000*
Non-current assets	**862,205**	838,212
Current assets	**20,450**	40,890
Current liabilities	**(116,967)**	(130,208)
Non-current liabilities	**(266,938)**	(227,061)

	2025 ***HK$'000***	2024 *HK$'000*
Revenue	**131,605**	219,313
(Loss)/profit for the year	**(36,718)**	30,112

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:

	2025	2024
	HK$'000	*HK$'000*
Net assets of Sinochem Port	**498,750**	521,833
Proportion of the Group's ownership interest in Sinochem Port	**15%**	15%
The Group's share of net assets in Sinochem Port	**74,813**	78,275
Less: Impairment loss recognised	**(44,976)**	(44,976)
Exchange realignment	**(1,237)**	–
Carrying amount of the Group's interest in Sinochem Port	**28,600**	33,299
The Group's share of results of Sinochem Port for the year	**(5,508)**	4,517

Aggregate information of associate that is not individually material

	2025	2024
	HK$'000	*HK$'000*
The Group's share of results of this associate for the year	**–**	–

	2025	2024
	HK$'000	*HK$'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 2025, gross amount, accumulated amortisation amount, accumulated impairment and carrying amount of intangible assets are approximately HK$790,000 (2024: approximately HK$771,000), approximately HK$191,000 (2024: approximately HK$52,000), approximately HK$163,000 (2024: approximately HK$89,000) and approximately HK$436,000 (2024: approximately HK$630,000), 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 of approximately HK$35,833,000 (2024: approximately HK$98,351,000), spare parts and hardware accessories for the upkeep of production equipment and structures, and consumables essential to the manufacturing process of approximately HK$22,231,000 (2024: approximately HK$10,169,000).

20. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

A. Trade Receivables

	2025	2024
	HK$'000	*HK$'000*
Trade receivables		
— contracts with customers	**10,954**	14,016
— lease receivables	**631**	78
	11,585	14,094

At 31 December 2025 and 2024, all trade receivables were at amortised cost.

The Group allows credit periods of 30 to 90 days to its customers from the trading business and petrochemicals manufacture 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:

	2025	2024
	HK$'000	*HK$'000*
0 to 30 days	**11,585**	14,094

Details of impairment assessment and loss allowance account in respect of trade receivables at amortised cost are set out in Note 38.

B. Other receivables, deposits and prepayments

	2025	2024
	HK$'000	*HK$'000*
Prepayments to suppliers for purchases of petroleum products and petrochemicals	**133,916**	856
Receivable from crude oil royalty income	**2,312**	2,556
Production operation expenses recoverable from PSC partner (Note 33)	**5,296**	4,789
Dividend receivable from listed securities held for trading	**–**	117
Value-added tax recoverables	**2,492**	27,121
Other receivables *(note)*	**1,531**	15,396
Other deposits	**1,129**	785
Other prepayments	**4,381**	2,058
	151,057	53,678
Less: Impairment loss under expected credit loss model *(note)*	**–**	(13,754)
	151,057	39,924
Classified as:		
Non-current assets	**1,272**	1,236
Current assets	**149,785**	38,688
	151,057	39,924

note: Other receivables mainly comprised of the deposit used as collateral for other borrowing (Note 29) (2024: 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).

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 38.

21. FINANCIAL ASSETS AT FVTPL

	2025	2024
	HK$'000	*HK$'000*
Current assets		
— Listed securities held for trading	**211**	130

	2025	2024
	HK$'000	*HK$'000*
Gain/(loss) on financial assets at FVTPL, net:		
Dividend income from listed securities held for trading	**–**	117
Gain/(loss) on fair value change in listed securities held for trading	**82**	(142)
Loss on disposal of unlisted equity investment	**–**	(1,432)
	82	(1,457)

Listed securities held for trading

	2025	2024
	HK$'000	*HK$'000*
Listed securities held for trading:		
— Equity securities listed in Hong Kong	**172**	76
— Equity securities listed outside Hong Kong	**39**	54
	211	130

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 2025, a fair value gain of approximately HK$82,000 (2024: loss of approximately HK$142,000) was recognised.

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 1.75% (2024: from 0.001% to 2.50%) per annum.

23. RESTRICTED BANK DEPOSITS

As at 31 December 2025, bank accounts with balances of approximately HK$10,614,000 (2024: 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$19,320,000 (2024: 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 China National Petroleum Corporation ("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 2025, the bank balances and cash of approximately HK$125,223,000 (2024: approximately HK$236,282,000) 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 1.05% (2024: 0.001% to 3.96%) per annum.

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

A. Trade payables

	2025	2024
	HK$'000	*HK$'000*
Trade payables at amortised cost	**3,474**	–

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:

	2025	2024
	HK$'000	*HK$'000*
0 to 30 days	**3,474**	–

The credit period granted by suppliers on purchase of goods is normally 30 to 90 days.

B. Other payables and accrued charges

	2025	2024
	HK$'000	*HK$'000*
Accrued demurrage charges	**3,534**	3,534
Payables for purchases and construction of property, plant and equipment	**3,509**	21,469
Payable for production costs and expenses related to exploration, exploitation and operation of crude oil business (Note 33)	**11,108**	35,012
Accrued customer claims arising from arbitration *(note (c))*	**32,676**	30,977
Other accrued charges *(note (a))*	**16,735**	15,553
Accrued interest for bank borrowings (Note 29)	**461**	698
Other payables and deposits received *(note (b))*	**4,323**	632,228
	72,346	739,471

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 as at 31 December 2024. 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.

C. Provisions

	2025	2024
	HK$'000	*HK$'000*
Asset retirement obligations	**34,451**	22,638
Accrued enterprise safety production expenses related to petrochemicals manufacture business	**2,734**	–
	37,185	22,638
Classified as:		
Non-current liabilities	**33,833**	3,039
Current liabilities	**3,352**	19,599

The movement on provisions during the year is as follows:

	2025	2024
	HK$'000	*HK$'000*
As at 1 January	**22,638**	–
Acquired from acquisition of subsidiaries (Note 32)	**–**	18,726
Provision for the year	**14,547**	3,912
As at 31 December	**37,185**	22,638

26. CONTRACT LIABILITIES

	2025	2024
	HK$'000	*HK$'000*
Trading of commodities	**5,987**	9,117
Storage related ancillary services for petroleum products and petrochemicals	**219**	555
Petrochemicals manufacture business	**9,620**	–
	15,826	9,672

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.

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 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)
At 31 December 2024 and 1 January 2025	38,750	2,009	40,759
Depreciation provided	**(859)**	**(898)**	**(1,757)**
Impairment loss recognised	**(5,390)**	**–**	**(5,390)**
Exchange realignment	**968**	**–**	**968**
At 31 December 2025	**33,469**	**1,111**	**34,580**

	2025 *HK$'000*	2024 *HK$'000*
Expenses relating to short term leases	**2,147**	2,033
Total cash outflow for leases	**3,157**	4,330

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.

Details of the impairment assessment on leasehold land related to the Fujian Plant and 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 2025 and 2024.

Lease liabilities

Future lease payments are due as follows:

	Future lease payments *HK$'000*	**Interest** *HK$'000*	**Present value** *HK$'000*
As at 31 December 2025			
Within one year	**1,024**	**37**	**987**
After one year but within two years	**256**	**1**	**255**
	1,280	**38**	**1,242**
As at 31 December 2024			
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
	2,176	119	2,057

The present value of future lease payments are analysed as:

	2025 *HK$'000*	2024 *HK$'000*
Current	**987**	886
Non-current	**255**	1,171
	1,242	2,057

Reconciliation of lease liabilities is set out in Note 42.

28. DERIVATIVE FINANCIAL INSTRUMENTS

	2025	2024
	HK$'000	*HK$'000*
The carrying amount of derivative financial instruments is presented as:		
Current assets	**31,128**	3,892
Current liabilities	**32,644**	3,844

The Group has the following outstanding net-settled futures and swaps contracts.

The major terms of these contracts are as follows:

At 31 December 2025

Notional amount	**Maturity date**	**Strike prices**
Brent futures contracts — Long position: US$67,623,260	30 January 2026 to 30 April 2026	US$59.15 to US$67.00 per barrel
Brent futures contracts — Short position: US$67,588,200	30 January 2026 to 30 April 2026	US$59.07 to US$66.27 per barrel
Dubai crude oil futures contracts — Long position: US$30,261,080	31 December 2025* to 27 February 2026	US$60.68 to US$65.41 per barrel
Dubai crude oil futures contracts — Short position: US$30,185,450	31 December 2025* to 27 February 2026	US$60.71 to US$65.28 per barrel
Brent put options contracts — Long position: US$1,686,740	27 January 2026 to 26 March 2026	US$0.07 to US$3.03 per barrel
Brents put options contracts — Short position: US$1,376,040	27 January 2026 to 26 March 2026	US$0.07 to US$3.06 per barrel
Brent call options contracts — Long position: US$1,141,380	27 January 2026 to 26 May 2026	US$0.21 to US$3.04 per barrel
Brent call options contracts — Short position: US$1,368,430	27 January 2026 to 26 May 2026	US$0.41 to US$2.94 per barrel

* The settlement date of these contracts is 2 January 2026.

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$2,659.00 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.

The fair values of the derivative financial instruments are estimated based on the difference between the contracted strike prices and prevailing futures, swaps and options prices or published indexes at the end of the reporting period. Such prevailing futures, swaps and options 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 2025 and 2024 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, swaps contracts in relation to petroleum products and options contracts in relation to crude oil.

29. BANK AND OTHER BORROWINGS

	2025	2024
	HK$'000	*HK$'000*
Bank borrowings — secured	**294,954**	297,605
Other borrowing — secured	**–**	13,021
Other borrowings — unsecured	**12,520**	25,000
Total	**307,474**	335,626

The carrying amount of the above borrowings are repayable *(note)*:

Within one year	**35,598**	13,175
Within a period of more than one year but not exceeding two years	**61,025**	44,486
Within a period of more than two years but not exceeding five years	**188,160**	198,404
More than five years	**22,691**	79,561
	307,474	335,626
Less: Amounts shown under current liabilities	**(35,598)**	(13,175)
Amount shown under non-current liabilities	**271,876**	322,451

note: The amounts due are based on scheduled repayment dates set out in the borrowing agreements.

As at 31 December 2025, the bank borrowings carried interest at floating rate of ranging from 3.6% to 4.0% (2024: from 3.8% to 4.2%) (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.

As at 31 December 2024, 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 fixed rates 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. These borrowings were borrowed from an individual, who became a director of a subsidiary of the Group during the year and resigned from that position within the same financial year.

30. DEFERRED TAX

	2025	2024
	HK$'000	*HK$'000*
Deferred tax assets	**37,428**	38,242

The movement on deferred tax assets during the year is as follows:

	Depreciation on oil assets	Others	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2024	–	–	–
Acquired from acquisition of subsidiaries (Note 32)	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**
(Credited)/charged to profit or loss (Note 9)	**(874)**	**60**	**(814)**
At 31 December 2025	**37,294**	**134**	**37,428**

At the end of the reporting period, the Group has estimated tax losses of approximately HK$189,647,000 (2024: approximately HK$123,332,000) 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$61,744,000 (2024: approximately HK$8,047,000) that will expire by 2030 (2024: 2029). 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$9,900,000 (2024: approximately HK$14,479,000) 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 as at 31 December 2025 and 2024.

31. SHARE CAPITAL

	Number of shares	Amount *HK$'000*
Ordinary shares of HK$0.025 each		
Authorised:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	**4,000,000,000**	**100,000**
Issued and fully paid:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	**2,123,364,090**	**53,084**

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. ACQUISITION OF SUBSIDIARIES IN PRIOR YEAR

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 were 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

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.

33. 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 32), 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.

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.

34. 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 2025 and 2024 is disclosed in Note 10.

The Group has no significant obligation apart from the contribution as above at the end of the reporting period.

35. 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.

As the fair value of advisory services provided by the advisers could not 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.

36. 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:

	2025	2024
	HK$'000	*HK$'000*
Bank and other borrowings	**307,474**	335,626
Cash and cash equivalents	**(167,503)**	(878,551)
Net debt	**139,971**	(542,925)
Equity attributable to owners of the Company	**797,384**	960,373
Net debt to equity ratio	**0.18**	N/A

37. 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 2025** **Financial assets at FVTPL** *HK$'000*	**Financial assets at amortised cost** *HK$'000*
Financial assets			
Trade receivables	*20*		
Contracts with customers		**–**	**10,954**
Lease receivables		**–**	**631**
Other receivables and deposits	*20*	**–**	**10,268**
Deposits placed with brokers	*22*	**–**	**72,772**
Restricted bank deposits	*23*	**–**	**60,358**
Bank balances and cash	*24*	**–**	**167,503**
Financial assets at FVTPL	*21*		
Listed securities held for trading		**211**	**–**
Derivative financial instruments	*28*	**31,128**	**–**
		31,339	**322,486**

	Notes	**31 December 2025** **Financial liabilities at FVTPL** *HK$'000*	**Financial liabilities at amortised cost** *HK$'000*
Financial liabilities			
Trade payables	*25*	**–**	**3,474**
Other payables	*25*	**–**	**18,940**
Lease liabilities	*27*	**–**	**1,242**
Bank and other borrowings	*29*	**–**	**307,474**
Derivative financial instruments	*28*	**32,644**	**–**
		32,644	**331,130**

	Notes	31 December 2024	
		Financial assets at FVTPL	Financial assets at amortised cost
		HK$'000	*HK$'000*
Financial assets			
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	31 December 2024	
		Financial liabilities at FVTPL	Financial liabilities at amortised cost
		HK$'000	*HK$'000*
Financial liabilities			
Other payables	*25*	–	688,709
Lease liabilities	*27*	–	2,057
Bank and other borrowings	*29*	–	335,626
Derivative financial instruments	*28*	3,844	–
		3,844	1,026,392

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).

Fair value hierarchy at 31 December 2025 and 2024

	At 31 December 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
	(note (i))			
Financial assets				
Financial assets at FVTPL				
Derivative financial instruments *(note (ii))*	**–**	**31,128**	**–**	**31,128**
Listed securities held for trading	**211**	**–**	**–**	**211**
Financial liabilities				
Financial liabilities at FVTPL				
Derivative financial instruments *(note (ii))*	**–**	**32,644**	**–**	**32,644**

	At 31 December 2024			
	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(note (i))			
Financial assets				
Financial assets at FVTPL				
Derivative financial instruments *(note (ii))*	–	3,892	–	3,892
Listed securities held for trading	130	–	–	130
Financial liabilities				
Financial liabilities at FVTPL				
Derivative financial instruments *(note (ii))*	–	3,844	–	3,844

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.

There were no transfers among Level 1, 2 and 3 during the years ended 31 December 2025 and 2024.

(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.

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)	Gross amounts of recognised financial assets (liabilities) set-off in the consolidated statement of financial position	Net amounts of financial assets (liabilities) presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
				Financial instruments	Cash collateral	Net amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2025						
Financial assets						
Deposits placed with brokers	**72,772**	**–**	**72,772**	**(32,644)**	**–**	**40,128**
Derivative financial instruments						
— futures contracts	**12,621**	**–**	**12,621**	**–**	**–**	**12,621**
— options contracts	**7,865**	**–**	**7,865**	**–**	**–**	**7,865**
— swap contracts	**10,642**	**–**	**10,642**	**–**	**–**	**10,642**
Total	**103,900**	**–**	**103,900**	**(32,644)**	**–**	**71,256**
Financial liabilities						
Derivative financial instruments						
— futures contracts	**(12,894)**	**–**	**(12,894)**	**12,894**	**–**	**–**
— options contracts	**(8,455)**	**–**	**(8,455)**	**8,455**	**–**	**–**
— swap contracts	**(11,295)**	**–**	**(11,295)**	**11,295**	**–**	**–**
Total	**(32,644)**	**–**	**(32,644)**	**32,644**	**–**	**–**
At 31 December 2024						
Financial assets						
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
Total	159,340	–	159,340	(3,844)	–	155,496
Financial liabilities						
Derivative financial instruments						
— futures contracts	(3,798)	–	(3,798)	3,798	–	–
— swap contracts	(46)	–	(46)	46	–	–
Total	(3,844)	–	(3,844)	3,844	–	–

38. 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, 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 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 and deposits placed with brokers outstanding at the end of the reporting period are outstanding for the whole year. A 10 (2024: 10) basis points increase or decrease is used for bank balances, restricted 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 and deposits placed with brokers, if the interest rate increases/decreases by 10 (2024: 10) basis points and all other variables are held constant, the Group's loss for the year ended 31 December 2025 would decrease/increase by approximately HK$301,000 (2024: approximately HK$1,137,000).

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.

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	
	2025	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Functional currency as US$ against				
RMB	**36,613**	606,293	**–**	624,216
Other currencies	**31,148**	1,464	**1,242**	2,057

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 ended 31 December 2025 would be unchanged (2024: decrease/increase by approximately HK$17,000). 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.

(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 2025, 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 (2024: 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 ended 31 December 2025 would decrease/increase by approximately HK$21,000 (2024: approximately HK$13,000).

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 2025, the Group had available unutilised short-term bank loan facilities of RMB33,592,000 (equivalent to approximately HK$36,275,000) (2024: unutilised short-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)).

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.

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*
At 31 December 2025							
Non-derivative financial liabilities							
Trade payables	**N/A**	**3,474**	**–**	**–**	**–**	**3,474**	**3,474**
Other payables	**N/A**	**18,940**	**–**	**–**	**–**	**18,940**	**18,940**
		22,414	**–**	**–**	**–**	**22,414**	**22,414**
Lease liabilities	**5.3**	**1,024**	**256**	**–**	**–**	**1,280**	**1,242**
Bank and other borrowings	**4.0%**	**46,854**	**70,294**	**200,466**	**26,021**	**343,635**	**307,474**
Derivative financial instruments							
Futures contracts	**N/A**	**12,894**	**–**	**–**	**–**	**12,894**	**12,894**
Options contracts	**N/A**	**8,455**	**–**	**–**	**–**	**8,455**	**8,455**
Swap contracts	**N/A**	**11,295**	**–**	**–**	**–**	**11,295**	**11,295**
At 31 December 2024							
Non-derivative financial liabilities							
Other payables	N/A	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

(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.

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 2025, approximately 90% (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. The five largest customers are large and established trading companies, which purchased crude oil 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 2025 and 2024, no significant trade receivables were past due.

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 2025, management of the Group considered that certain payments in relation to transactions entered into by Strong HK with certain third parties were written off (2024: credit-impaired). For details of the transactions, please refer to Note 1.1(B).

The bank balances, restricted 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

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**	**2025 Gross carrying amounts** *HK$'000*	2024 Gross carrying amounts *HK$'000*
Financial assets at amortised cost						
Trade receivables	*20*	N/A	Low risk	Lifetime ECLs (not credit-impaired)	**11,585**	14,094
Other receivables and deposits	*20*	N/A	Low risk	12m ECLs	**10,268**	9,889
	20	N/A	Loss	Lifetime ECLs (credit-impaired)	**–**	13,754
Deposits placed with brokers	*22*	Aa1–Ba3	N/A	12m ECLs	**72,772**	155,448
Restricted bank deposits	*23*	A1	N/A	12m ECLs	**60,358**	103,166
Bank balances	*24*	Aa1–Baa2	N/A	12m ECLs	**167,503**	878,530
Other items						
Rent receivable	*20*	N/A	Low risk	Lifetime ECLs (not-credit impaired)	**–**	–

For the years ended 31 December 2025 and 2024, expected credit losses had been made on other receivables and deposits.

As at 31 December 2025 and 2024, the loss allowance provision for other receivables and deposits reconciles to the opening loss allowance for that provision as follows:

	2025 *HK$'000*	2024 *HK$'000*
At 1 January	**13,754**	–
Provision for loss allowance recognised in profit or loss	**27,762**	13,754
Amounts written off	**(41,516)**	–
At 31 December	**–**	13,754

39. RELATED PARTY TRANSACTIONS

(a) Shareholder loans

During the year ended 31 December 2025, the Group entered into two loan agreements (the "Shareholder Loan Agreements") with Speed Success Group Limited, a company holding 50,576,000 Shares. Mr. Wang Jian Sheng, a non-executive director of the Company, holds the entire issued share capital of Speed Success Group Limited. Pursuant to the Shareholder Loan Agreements, Speed Success Group Limited agreed to provide two unsecured term loans of HK$5 million each, in aggregate of HK$10 million (the "Shareholder Loans") to the Group in order to support its operating activities. The Group shall repay the Shareholder Loans on 31 May 2025 and 31 July 2025 respectively, or upon demand. Each of the Shareholder Loans bore an interest of 1-month Hong Kong Interbank Offered Rate per annum. During the year ended 31 December 2025, the Shareholder Loans were fully settled.

(b) 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**	**2025** *HK$'000*	2024 *HK$'000*
Strong Property Limited *(note (i))*	Rental expenses	–	1,325
Beijing Wanhua Real Estate Co., Ltd. *(note (ii))*	Rental expenses	682	803
Speed Success Group Limited *(note (iii))*	Interest expenses	74	–
Precious Consulting Limited *(note (iv))*	Company secretarial support service expenses	55	–
Sino Century Limited *(note (iii))*	Rental expenses	20	–
Jadefill Limited *(note (iii))*	Rental expenses	60	–

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 non-executive director of the Company redesignated from executive director of the Company effective from 25 January 2025, is a minority shareholder of Beijing Wanhua Real Estate Co., Ltd.

(iii) Mr. Wang Jian Sheng, a non-executive director of the Company redesignated from executive director of the Company effective from 25 January 2025, holds the entire issued share capital of Speed Success Group Limited, Sino Century Limited and Jadefill Limited.

(iv) The spouse of Dr. Wang Pang Paul, an executive director of the Company, holds the entire issued share capital of Precious Consulting Limited.

(c) 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.

40. CAPITAL COMMITMENTS

	2025	2024
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	**4,741**	38,794

41. PLEDGE OF ASSETS

The carrying amounts of assets that have been pledged as collaterals to secure certain financial institution facilities are as follows:

	2025	2024
	HK$'000	*HK$'000*
Right-of-use assets	**33,469**	38,750
Property, plant and equipment	**4,854**	430,314
Trade receivables	**10,472**	13,755
Other receivables	**–**	1,031

42. 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$'000* (Note 29)	Shareholder loan *HK$'000*	Accrued interest *HK$'000* *(note)*	Lease liabilities *HK$'000* (Note 27)	Total *HK$'000*
At 1 January 2025	**335,626**	**–**	**698**	**2,057**	**338,381**
Changes from financing cash flows:					
Proceed from bank and other borrowings	**10,966**	**–**	**–**	**–**	**10,966**
Proceeds from shareholder loans	**–**	**10,000**	**–**	**–**	**10,000**
Repayment of bank and other borrowings	**(34,319)**	**–**	**–**	**–**	**(34,319)**
Repayments of shareholder loans	**–**	**(10,000)**	**–**	**–**	**(10,000)**
Repayments of lease liabilities	**–**	**–**	**–**	**(924)**	**(924)**
Interest paid	**–**	**–**	**(14,729)**	**(86)**	**(14,815)**
Total changes from financing cash flows	**(23,353)**	**–**	**(14,729)**	**(1,010)**	**(39,092)**
Other changes:					
Finance costs (before capitalisation)	**–**	**–**	**14,327**	**86**	**14,413**
Consideration for subscribe new shares of a subsidiary	**(12,480)**	**–**	**–**	**–**	**(12,480)**
Foreign exchange translation	**7,681**	**–**	**165**	**109**	**7,955**
Total other changes	**(4,799)**	**–**	**14,492**	**195**	**9,888**
At 31 December 2025	**307,474**	**–**	**461**	**1,242**	**309,177**

	Bank and other borrowings *HK$'000* (Note 29)	Accrued interest *HK$'000* *(note)*	Lease liabilities *HK$'000* (Note 27)	Total *HK$'000*
At 1 January 2024	159,892	216	1,694	161,802
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
At 31 December 2024	335,626	698	2,057	338,381

note: Accrued interest is included in other payables.

43. 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:

	2025	2024
	HK$'000	*HK$'000*
Non-current assets		
Property, plant and equipment	**22**	–
Interests in subsidiaries	**142,196**	166,962
Loan to a subsidiary	**8,091**	3,600
Amounts due from subsidiaries	**635,374**	1,280,209
	785,683	1,450,771
Current assets		
Other receivables, deposits and prepayments	**980**	75
Restricted bank deposits	**4,304**	8,692
Bank balances	**13,549**	313
	18,833	9,080
Current liabilities		
Other payables and accrued charges	**9,811**	6,074
Amounts due to subsidiaries	**408,486**	408,686
	418,297	414,760
Net current liabilities	**(399,464)**	(405,680)
Net assets	**386,219**	1,045,091
Capital and reserves		
Share capital	**53,084**	53,084
Reserves	**333,135**	992,007
Total equity	**386,219**	1,045,091

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 2024	566,111	50,391	118,111	270,785	1,005,398
Loss and total comprehensive expense for the year	–	–	–	(13,391)	(13,391)
At 31 December 2024 and 1 January 2025	566,111	50,391	118,111	257,394	992,007
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**(658,872)**	**(658,872)**
At 31 December 2025	**566,111**	**50,391**	**118,111**	**(401,478)**	**333,135**

44. 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 2025 %	2024 %	Issued and fully paid share capital/ registered capital	Principal activity
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 and petroleum products
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
福建香江石化有限公司# Fujian Hong Kong Petrochemical Limited*	The PRC	The PRC	**100**	100	RMB247,270,000	Manufacture of petrochemicals
Copower Properties Investments Company Limited	Hong Kong	Hong Kong	**100**	100	HK$10,000	Property investment
Strong New Energy Limited *(note)*	Hong Kong	Hong Kong	**56.39**	60	HK$200,000	Installation and maintenance service of solar energy systems
Pan-China Resources Ltd.	The BVI	The PRC	**100**	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.

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 2025 and 2024.

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 2025 and 2024, the Group had no non-wholly owned subsidiary that had material non-controlling interest.

Note:

On 30 September 2025, Strong New Energy Global Limited ("SNEGL"), immediate holding company of Strong New Energy Limited ("SNEL") and an indirect non-wholly owned subsidiary of the Company, has entered into the subscription agreement with a subscriber, pursuant to the agreement, SNEGL issued and the subscriber subscribed for 1,600 new shares, representing 6.20% of equity interest of SNEGL, at US$1,000 per share for a total amount of US$1,600,000 (equivalent to approximately HK$12,480,000). The consideration was settled by the other borrowings of HK$12,480,000 owned to the subscriber by SNEL. Upon the completion of the subscription agreement, the equity interests of SNEGL and SNEL attributed to the Group has decreased from 60.00% to 56.39%. Since the change in the ownership interests of SNEGL and SNEL without a loss of control, the financial results of SNEGL and SNEL would continue to be consolidated into the Group's consolidated financial statements.

Such dilution of shareholding from 60.00% to 56.39% of SNEGL and SNEL held by the Company constituted a deemed disposal of partial interests in subsidiaries, and the difference of HK$13,229,000 between the fair value of the consideration received and 6.02% carrying amounts of the net assets attributable to the deemed disposal of partial interest in subsidiaries was recognised directly in equity during the year ended 31 December 2025.

45. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue for the year ended 31 December 2025 (the "Year") was approximately HK$1,629.8 million (2024: approximately HK$1,598.1 million). Loss attributable to owners of the Company for the Year was approximately HK$245.3 million (2024: approximately HK$327.5 million).

BUSINESS REVIEW

Trading of Commodities

During 2025, international oil prices were shaped by uneven global demand recovery, heightened geopolitical tensions in the Middle East, and cautious supply growth from major producers. Market sentiment remained fragile, with inventories broadly balanced but subject to volatility from supply-demand uncertainties. In response, the Group maintained a disciplined trading approach, focusing on back-to-back arrangements and low inventory levels to minimise exposure to price swings. At the same time, we strengthened customer relationships and pursued selective new opportunities.

Crude oil trading activities during the Year were limited to a single transaction in the first half. Trading volumes of petroleum products and petrochemicals decreased compared to the prior year, reflecting softer market conditions of petroleum products and petrochemicals in the PRC.

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

Strong Petrochemical (Nantong) Logistics Company Ltd. ("Strong Nantong") 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 1,008,000 metric tonnes ("MT") in 2024 to approximately 590,000 MT in 2025. During the Year, both revenue and profit before taxation declined, and the segment recorded a loss, primary due to the continuing impact of the termination of a significant customer contract in 2024. Despite this, Strong Nantong maintained stable operations and continued to provide reliable storage services to its customer base.

Exploration, Exploitation and Operation of Crude Oil

During the Year, Pan-China Resources Ltd. ("Pan-China") continued to operate three blocks — Duannan, West Xiepo, and Xiaoji (collectively, "Kongnan Block") of Dagang Oilfield in Hebei Province, the PRC under its petroleum contract with CNPC. Pan-China holds full participating interest and is entitled to 49% of production revenue after cost recovery. Operations at the Kongnan Block remained stable throughout the Year. The Group's principal effort was directed towards advancing negotiations with CNPC on extending the petroleum contract beyond its 2027 expiry. Securing this extension is considered essential to maintaining operational continuity and preserving long-term shareholder value. The investment in Pan-China reflects the Group's ongoing commitment to upstream energy development and provides a solid foundation for future growth in the oil and gas sector.

Manufacture of Petrochemicals

Fujian Hong Kong Petrochemical Limited ("Fujian Petrochemical") is principally engaged in the manufacturing and trading of petrochemicals. The Fujian Plant commenced trial operations in March 2025. During the Year, Fujian Petrochemical recorded a gross loss, primarily due to high raw material costs and expenses associated with trial production. Operational focus was placed on stabilising production processes and preparing for commercial scale-up. In parallel, Fujian Petrochemical continued to develop the Styrene Ethylene Butylene Styrene Thermoplastic Elastomer Project, which has been designated as a provincial key project. With government support, Fujian Petrochemical remained committed to enhancing efficiency and improving performance in future periods.

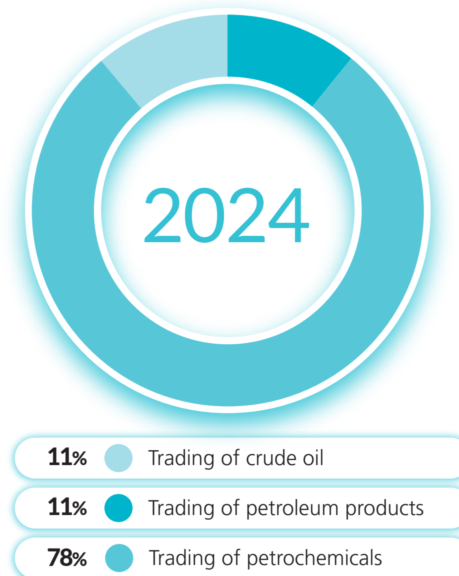
FINANCIAL REVIEW

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$1,308.3 million (2024: approximately HK$1,514.9 million) for the Year. Approximately 24% (2024: 11%) of the Group's revenue from trading business was generated from trading of crude oil for the Year. Approximately 71% (2024: 78%) 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 5% (2024: 11%).

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



During the Year, the trading volume of crude oil was 483,442 barrels for the Year (2024: 298,842 barrels). The trading volume of petroleum products decreased from 28,372 MT last year to 10,476 MT for the Year, primarily due to fewer trading arrangements being executed in petroleum products during the Year. The trading volume of petrochemicals decreased from 192,963 MT last year to 177,273 MT for the Year, as tariff-related disruptions weighed on trading activities.

		Year ended 31 December					
		2025			2024		
Products	Unit	**Number of contracts**	**Sales quantity**	**Revenue** ***HK$'000***	Number of contracts	Sales quantity	Revenue *HK$'000*
Trading of commodities							
Crude oil	barrel	**1**	**483,442**	**313,960**	1	298,842	174,636
Petroleum products	MT	**22**	**10,476**	**60,499**	7	28,372	163,071
Petrochemicals	MT	**245**	**177,273**	**933,863**	176	192,963	1,177,242
Total		**268**		**1,308,322**	184		1,514,949

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$3.6 million for the Year (2024: approximately HK$5.2 million). Approximately 50% (2024: 34%) 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 50% (2024: 66%) of the Group's revenue from storage business.

Revenue generated from leases was approximately HK$3.7 million (2024: approximately HK$8.5 million) for the Year.

Exploration, Exploitation and Operation of Crude Oil

Revenue generated from exploration, exploitation and operation of crude oil was approximately HK$121.0 million for the Year while this business was commenced in late June 2025 (2024: approximately HK$69.3 million).

Manufacture of Petrochemicals

Revenue generated from manufacture of petrochemicals was approximately HK$193.1 million for the Year while the Fujian Plant started its trial operation in March 2025.

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 gain on fair value changes on derivative financial instruments of approximately HK$12.8 million (2024: loss of approximately HK$1.0 million).

Gross Loss

The overall gross loss of the Group for the Year was approximately HK$5.4 million (2024: gross profit of approximately HK$24.1 million), mainly attributable to high raw material costs and start-up challenges at the Fujian Plant.

Loss Attributable to Owners of the Company

Loss attributable to owners of the Company for the Year was approximately HK$245.3 million (2024: approximately HK$327.5 million).

Liquidity and Financial Resources

The Group generally finances its daily operations from internally generated cash flows (the "Internal Funds") and banking facilities. As at 31 December 2025, the Group had deposits placed with brokers, restricted bank deposits, and bank balances and cash of approximately HK$72.8 million (2024: approximately HK$155.4 million), approximately HK$60.3 million (2024: approximately HK$103.2 million) and approximately HK$167.5 million (2024: approximately HK$878.6 million) respectively. The total of deposits placed with brokers, restricted bank deposits, and bank balances and cash (collectively, the "Liquidity Resources") were approximately HK$300.6 million (2024: approximately HK$1,137.2 million). Most of the Liquidity Resources were denominated in Renminbi ("RMB").

The equity attributable to owners of the Company decreased by approximately HK$225.2 million to approximately HK$735.2 million as at 31 December 2025 (2024: approximately HK$960.4 million).

As at 31 December 2025, the Group had bank and other borrowings, represented by short-term loans and long-term loans, of approximately HK$35.6 million (2024: approximately HK$13.2 million) and approximately HK$271.9 million (2024: approximately HK$322.5 million) respectively). As at 31 December 2025, the Group's gearing ratio was approximately 26% (2024: approximately 16%). The gearing ratio is calculated as the Group's total borrowings divided by total assets. The increase in gearing ratio is mainly because of the decreased Liquidity Resources, as bank and cash balances were reduced due to payments made under instructions from former management of the Company (the "Management") and higher administrative expenses such as legal and professional fees.

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 2025, the Group does not have any trade banking facilities. Save as disclosed in Note 41 to the consolidated financial statements, the Group did not have any other charges on asset as at 31 December 2025.

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.

Pledge of Group Assets

As at 31 December 2025, certain property, plant and equipment of approximately HK$4.9 million (2024: approximately HK$430.3 million), right-of-use assets of approximately HK$33.5 million (2024: approximately HK$38.8 million), trade receivables of approximately HK$10.5 million (2024: approximately HK$13.8 million) and deposit amounted to nil (2024: approximately HK$1.0 million) had been pledged to secure certain banking facility and bank borrowings granted to the Group.

Contingent Liabilities

Save as disclosed in the section headed "Ongoing Legal Proceedings" in this announcement, as at 31 December 2025, the Group did not have any significant contingent liabilities.

Litigation

Winding Up Petition against the Company in Cayman Islands

On 3 December 2024, Mr. Yao Guoliang, a former executive Director, 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, a non-executive Director, 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 40 to the consolidated financial statements, the Group did not have any other significant capital commitments as at 31 December 2025.

Significant Investments

There were no significant investments held by the Group as at 31 December 2025, 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.

Save as disclosed in Notes 17 and 44 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 announcement.

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) Scope limitation on 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 years ended 31 December 2025 and 2024.

(b) Scope limitation on 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.

(c) Comparability of the current Year's figures and corresponding figures in respect of scope limitation on 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 for the year ended 31 December 2024, which may affect the comparability of the current Year's figures and the corresponding figures for the year ended 31 December 2024.

1. The views of the Management

Regarding Strong HK's crude oil trading transactions

As disclosed in the 2024 annual report of the Company, 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. These former personnel were neither reachable nor willing to communicate with the Current Board. 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 approximately 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.

In light of these findings, the Management concluded that the transactions lacked commercial substance and should not give rise to any revenue recognition. As disclosed in Note 1.1(B)(VI) to the consolidated financial statements, as at 31 December 2024, the receipts of approximately HK$628,116,000 (comprising approximately HK$624,216,000 from discounting letters of credit and HK$3,900,000 from the Supplier) during the year ended 31 December 2024 were recorded as other payables because their nature could not be reliably substantiated, and the corresponding payments of approximately HK$13,754,000 made during the year ended 31 December 2024 were recorded as other receivables and fully impaired. As at 31 December 2025, refunds of approximately HK$650,624,000 to the Customer made during the Year were offset against deposits received from the Customer included in other payables amounting to approximately HK$628,116,000. An additional impairment loss of approximately HK$22,508,000 was recognised for the netted-off amount and charged to profit or loss for the Year. As at 31 December 2025, other receivables of approximately HK$36,262,000 in total was written off and charged to profit or loss and the corresponding accumulated impairment losses was reversed.

The Management considers the above 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 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 (i.e. HK$7,430 and HK$1,677, respectively as at 31 December 2024; HK$7,645 and HK$2,488.73, respectively as at 31 December 2025), 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 of the Company 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.

Regarding Strong Macao's sales and purchase transactions

The Management's judgments and accounting treatment in respect of Strong Macao's sales and purchase transactions remain unchanged from those disclosed in the 2024 annual report of the Company, which is extracted as below:

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 announcement. 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 year ended 31 December 2024. 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.

2. The views of the audit committee of the Company (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 related receipts have been refunded to the customer during the Year, and that the Company has taken appropriate legal action against the former directors to recover the losses. The Audit Committee is satisfied that the Management's accounting treatment is prudent and reasonable under the circumstances.

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.

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 during the year ended 31 December 2024 and agrees with the Management's accounting treatment.

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. With related receipts refunded to the Customer in 2025, these transactions which were one-off in nature will not recur in 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, and the Management does not expect any material impact on the Group's financial position or operations arising from these accounts.

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.

OTHER SIGNIFICANT EVENTS

(1) Suspension of Trading on the Stock Exchange

Trading in 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 of the Company (the "Directors") and former Management (the "Matters") as disclosed in the announcements of the Company from 26 December 2024 to the date of this announcement.

(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 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.

(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, 12 June 2026 and 30 June 2026 in accordance with Rule 13.24A of the Listing Rules.

On the basis of the actions taken, the Company has been liaising with the Stock Exchange to demonstrate the Company's fulfilment status of the Resumption Guidance and seek approval of the resumption of trading in the Shares from the Stock Exchange. Further announcement(s) will be made by the Company to inform the Shareholders and potential investors of any material development when appropriate and in accordance with the relevant requirements of the Listing Rules.

(4) Ongoing Legal Proceeding

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.

(5) 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, 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 announcement, to the knowledge of the Company, Forever Winner is the controlling shareholder of the Company and holds 1,041,746,000 ordinary Shares, 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.

SUBSEQUENT EVENTS

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 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.

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.

As stated in the announcement of the Company dated 20 July 2026, Speed Success and the Company are actively engaged in the preparation of a joint announcement pursuant to Rule 3.5 of the Takeovers Code but requires more time to ascertain the information relating to the potential mandatory general offer to be included in the announcement. Speed Success and the Company will make further announcement(s) pursuant to Rule 3.5 of the Takeovers Code as soon as practicable.

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).

Expected Loss in a Trading Transaction

As stated in the announcements of the Company dated 19 May 2026 and 8 June 2026, the Group expected to record a loss of approximately US$10.7 million (equivalent to approximately HK$83.5 million) in a trading transaction involving bitumen products. The loss was mainly attributable to extended customs inspections and unexpected product reclassification, escalation of geopolitical conflicts in the Middle East which drove up transportation costs, rollover losses in crude oil futures positions, and reduced purchasing appetite of PRC customers.

Ongoing Legal Proceedings

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. ("Strong Singapore"), 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). Strong Singapore has already discussed with the other party the repayment schedule and reached agreement on the repayment arrangement. As of the date of this announcement, Strong Singapore has fully settled the outstanding amount, thereby resolving the matter in full.

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 Petrochemical Limited (Macao Commercial Offshore) ("Strong MCO"), an indirect wholly-owned subsidiary of the Company 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 announcement, there have been no other material subsequent events following the end of the Year up to the date of this announcement.

Employees

The number of employees of the Group slightly increased to 293 as at 31 December 2025 (2024: 268). 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 and training for human resources upskilling.

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

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

DIVIDENDS

The Board does not recommend the payment of final dividends for the Year (2024: Nil). For details of the interim dividends for the six months ended 30 June 2024, please refer to Note 12 to the consolidated financial statements and the announcement of the Company dated 12 June 2026.

CORPORATE GOVERNANCE REPORT

The Company has fully complied with the Corporate Governance Code and met the code provisions set out in Part 2 of Appendix C1 to the Listing Rules during the Year.

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, all current Directors have confirmed that they had complied with the required standards set out in the Model Code during the Year. Due to the inability to contact the then Directors who have been removed on 25 January 2025, 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.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Company's auditor, Messrs. BDO Limited, with the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Messrs. BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. BDO Limited on this announcement.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company ("INEDs") who possess relevant business and financial management experience. The company secretary of the Company 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. 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 recommended to the Board that Messrs. BDO Limited be nominated for reappointment as external auditor of the Company at the forthcoming annual general meeting ("AGM").

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2024, the Group's unaudited consolidated financial statements for the six months ended 30 June 2025 and 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.

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

Hong Kong, 31 July 2026

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